

CHAPTER 2015-195

Committee Substitute for Committee Substitute for House Bill No. 1167

An act relating to the City of West Palm Beach, Palm Beach County; amending chapter 24981, Laws of Florida, 1947, as amended; revising definitions; defining the term “Fire Chief”; authorizing the Fire Chief to opt out of participation in the West Palm Beach Firefighters Pension Fund; providing that chapter 175, F.S., funds to be used to reduce member contributions to the fund for specified calendar years; requiring the city to make up certain shortfalls in member contributions; providing for a reduction in member contributions for 3 years; revising the crediting rate for certain members in the share and BackDROP accounts; removing a requirement for members to take a lump sum distribution of their share and BackDROP account balances within a specified time after their termination of employment in certain circumstances; authorizing members to choose BackDROP periods between 1 month and 60 months in duration; revising BackDROP benefits; revising assumption for amortization of gains and losses; providing an effective date.

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

Section 1. Paragraphs (a) and (h) of subsection (1), paragraphs (a) and (b) of subsection (3), paragraphs (j) and (l) of subsection (5), paragraph (b) of subsection (21), and subsection (22) of section 17 of chapter 24981, Laws of Florida, 1947, as amended, are amended 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 of 8.00 ~~8.25~~ percent per year and the RP-2000 Mortality Table 1983 Group Annuity Mortality Table for males.

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.

9.8. "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.

10.9. “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.

11.10. “Member” means any person who is included in the membership of the Fund in accordance with paragraph (h).

12.11. “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.

13.12. “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.

14.13. “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.

15.14. “Retirant” or “retiree” means any member who retires with a pension payable from the Fund.

16.15. “Retirement” means a member’s withdrawal from City employment with a pension payable from the Fund.

17.16. “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 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 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.

18.17. "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 does not 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.

(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.

(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 money 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~~ 2015, 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.—

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:

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

3. No amount of the Chapter 175 money 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 ~~October 1, 2014~~, the employee contributions shall be 13.1 percent, which shall be picked up ~~deducted~~ each pay period from the salary of each member in the Department, and the chapter 175 funds received in calendar year 2018 ~~2015~~ 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 ~~deducted~~ 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.

(5) Service pension.—

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

1. Individual member accounts.—A 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:

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

III. Effective October 1, 2018 2014, the employee contributions shall be 13.1 percent and the chapter 175 money received in calendar year 2018 2015 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.(I) The investment earnings or losses credited to the individual member accounts shall be in the same percentage as are earned or lost by the total investment earnings or losses of the Fund as a whole, unless the Board dedicates a separate investment portfolio for chapter 175, Florida Statutes, share accounts, in which case the investment earnings or losses shall be measured by the investment earnings or losses of the separate investment portfolio;

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

(II) 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 on or after May 13, 2012, members must take a lump sum distribution of their entire share account balance within 6 months after their termination of employment. For members who reached normal retirement age on or before May 13, 2012, or who had a calculated BackDROP date of October 1, 2011, or earlier, the 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.

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.

(l) 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 Upon termination of employment, participants in the BackDROP shall receive lump sum the balance of the BackDROP account within 6 months after termination of employment:~~

~~(I) 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 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.~~

(II) 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.

b. 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.b. 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.

(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 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. Effective on or after May 13, 2012, members must take a lump sum distribution of the Amounts transferred under this section within 6 months after their termination of employment. For members who reached normal retirement age on or before May 13, 2012, or who had a calculated BackDROP date of October 1, 2011, or earlier, the member's transferred leave must remain invested in the Pension Fund for a period of not less than at least 1 year.~~

(22) Actuarial assumptions.—The following actuarial assumptions shall be used for all purposes in connection with this Fund, effective October 1, 1998:

(a) ~~The period for amortizing current, future, and past actuarial gains or losses shall be 20 years.~~

(b) The assumed investment rate of return shall be 8.25 percent. Effective October 1, 2014, the assumed investment rate of return shall be 8 percent 8.0%. Due to the other assumption changes that were made at the same time as this reduction in the assumed rate of return, the City did not have an increase in City contributions as a result of the change of the assumed investment rate of return. Therefore, there was no change necessary to the 3-percent accrual factor in subsection (5)(a)2.

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

Approved by the Governor June 10, 2015.

Filed in Office Secretary of State June 10, 2015.