

WEST PALM BEACH FIREFIGHTERS' PENSION FUND

PENSION BOARD POLICY GOVERNING THE ACCEPTANCE OF A TRUST AS A DESIGNATED BENEFICIARY FOR DROP AND SHARE ACCOUNTS ONLY

WHEREAS, active members, retirees and beneficiaries have approached the Board of Trustees ("Board") of the West Palm Beach Firefighters Pension Fund ("Fund") requesting the ability to name a trust as a designated beneficiary;

WHEREAS, the Fund plan document defines beneficiary as "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.";

WHEREAS, Section 17(17)(c)(3)(e) of the Fund plan document grants the Board the authority to "adopt its own rules of procedure . . ."

WHEREAS, the Board has interpreted the term person to refer to a natural person since pension benefits are tied to the natural lives of the active and retired members, as well as, their survivors;

NOW THEREFORE, the Board adopts the following policy governing the acceptance of a Trust as a designated beneficiary.

1. Active Members entitled to benefits, Retirees (including DROP participants), and survivors may designate a Trust to be the designated beneficiary recipient of DROP and Share Account assets but to a Trust that is custodied with a Trustee outside of the Plan.
2. A Trust may never be designated as a joint annuitant on the defined benefit part of the Fund.
3. The Board has determined that it cannot properly have a fiduciary relationship with a Trust for which the Board is not the named fiduciary.
4. Trusts that are named as a joint annuitant will be rejected by the Board and its third party administrator.
5. Active Members entitled to benefits, Retirees (including DROP participants), and survivors may designate a Trust to be the designated beneficiary recipient of DROP and Share Account assets, but must demonstrate that these assets will be transferred out of the Fund upon their death. This can be demonstrated by:

West Palm Beach Firefighters' Pension Fund
Pension Board Policy Governing the Acceptance
Of a Trust as a Designated Beneficiary
For Drop and Share Accounts Only

- a. Proof sufficient to the Board that a trust account has been established to receive the assets; and
- b. Certification that the assets will leave the plan upon the death of the Active Members entitled to benefits, Retirees (including DROP participants), and survivors. The Certification will grant the Board the authority to transfer the assets out of the Fund 30 days after receipt of the death certificate.

6. Upon the death of an Active Members entitled to benefits, Retirees (including DROP participants), and survivors who have named a Trust as a beneficiary, the assets must be transferred within 30 days of the receipt of the death certificate or the Board will take action to transfer the assets to the account previously set up or an account established by the Board outside of the Fund. In accordance with the BackDROP and Share Account Policy, the Trustees have the discretion to delay transfers in excess of \$50,000.00 up to 60 days after the date of approval by the Trustees.

7. Distribution of these assets are subject to taxation, unless rolled over to a qualified plan. Distributions not rolled over will be reported on a 1099R tax form and will be subject to a 20% tax withholding.

IN WITNESS WHEREOF, the Board of Trustees of the West Palm Beach Firefighters' Pension Fund has adopted this STATEMENT OF POLICY GOVERNING THE ACCEPTANCE OF A TRUST AS A DESIGNATED BENEFICIARY FOR DROP AND SHARE ACCOUNTS ONLY this ____ day of _____, 20____.

TRUSTEES

Witnessed by: _____