TOWN OF PALM BEACH

Town Manager's Office

TENTATIVE - SUBJECT TO REVISION

SPECIAL TOWN COUNCIL MEETING

TOWN HALL
COUNCIL CHAMBERS-SECOND FLOOR
360 SOUTH COUNTY ROAD

AGENDA

TUESDAY, APRIL 24, 2012

9:00 A.M.

I. CALL TO ORDER AND ROLL CALL

Gail L. Coniglio, Mayor
David A. Rosow, President
Robert N. Wildrick, President Pro Tem
William J. Diamond
Richard M. Kleid
Michael J. Pucillo

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

IV. SECOND READING OF ORDINANCE NO. 6-2012 An Ordinance Of The Town Council Of The Town Of Palm Beach, Palm Beach County, Florida, Amending Chapter 82 Of The Town Code Of Ordinances Relating To Personnel, At Article II, Employee Benefits, Division 2, Retirement System, Amending Subdivision I, In General, By Amending Section 82-51, General, As Amended By Ordinance No. 4-2012, Adopted March 13, 2012; By Amending Section 82-52, Definitions; By Amending Section 82-54, Credited Service; Loss Of Credited Service; Reinstatement Of Credited Service; By Amending Section 82-56, Benefit Groups; By Amending Section 82-59, Transfer Of Service Between Town Plans; By Amending Section 82-63, Amount Of Post-Retirement Redetermination Of Pensions; By Amending Section 82-65, Allowance Of Interest; Rates Of Interest; By Amending Section 82-66, Refund Of Member's Accumulated Contributions; By Amending Section 82-69, Administrative Expenses; By Amending Section 82-70, Assignments Prohibited; By Amending Section 82-72, Rollover Distributions; By Amending Section 82-73, Method Of Making Payments; Amending Subdivision II, Reserve Accounts, By Amending Section 82-80, Reserve For

Post Office Box 2029 * 360 South County Road * Palm Beach, Florida 33480
Telephone (561) 838-5410 * Facsimile (561) 838-5411 * townmanager@townofpalmbeach.com

Member Contributions; By Amending Section 82-83, Reserve For Undistributed Investment Income; By Deleting Section 82-85, Plans And Assets Segregated; By Deleting Section 82-86, Chapters 175 And 185, Florida Statutes; Amending Subdivision III, Firefighters, By Deleting Section 82-90, Firefighter Board Of Trustees; By Deleting Section 82-91, Term Of Office; Oath Of Office; Vacancy; By Deleting Section 82-92, Officers, Administrative Services; By Deleting Section 82-93, Investment Limitations; By Amending Section 82-94, Retirement Age And Service Conditions; By Amending Section 82-95, Amount Of Pension; By Amending Section 82-96, Optional Forms Of Payment Of A Pension; By Deleting Section 82-97, Supplemental Pension Distributions; By Amending Section 82-98, Chapter Share Accounts; By Amending Section 82-99, Deferred Retirement Option Program; By Amending Section 82-100, Disability Retirement; By Amending Section 82-102, Continuation Subject To Re-Examination; Return To Employment; Effect Of Gainful Employment; By Amending Section 82-103, Death After Retirement; Automatic Survivor Pension To Minor Children And/Or Surviving Spouse; By Amending Section 82-104, Death While An Employee Of The Town; Automatic Survivor Pension To Minor Children And/Or Spouse; By Amending Section 82-105, Elective Survivor Pension; Amending Subdivision IV , Police Officers, By Deleting Section 82-110, Police Officer Board Of Trustees; By Deleting Section 82-111, Term Of Office; Oath Of Office; Vacancy; By Deleting Section 82-112, Officers, Administrative Services; By Deleting Section 82-113, Investment Limitations; By Amending Section 82-114, Retirement Age And Service Conditions; By Amending Section 82-115, Amount Of Pension; By Amending Section 82-116, Optional Forms Of Payment Of A Pension; By Deleting Section 82-117, Supplemental Pension Distributions; By Amending Section 82-119, Deferred Retirement Option Program; By Amending Section 82-120, Disability Retirement; By Amending Section 82-122, Continuation Subject To Re-Examination; Return To Employment; Effect Of Gainful Employment; By Amending Section 82-123, Death After Retirement; Automatic Survivor Pension To Minor Children And/Or Surviving Spouse; By Amending Section 82-124, Death While An Employee Of The Town; Automatic Survivor Pension To Minor Children And/Or Spouse; By Amending Section 82-125, Elective Survivor Pension; Amending Subdivision V, General Employees And Lifeguards, By Deleting Section 82-130, General Employee Board Of Trustees; By Deleting Section 82-131, Term Of Office; Oath Of Office; Vacancy; By Deleting Section 82-132, Officers, Administrative Services; By Amending Section 82-134, Retirement Age And Service Conditions; By Amending Section 82-135, Amount Of Pension; By Amending Section 82-136, Optional Forms Of Payment Of A Pension; By Deleting Section 82-137, Supplemental Pension Distributions; By Amending Section 82-139, Deferred Retirement Option Program; By Amending Section 82-140, Disability Retirement; By Amending Section 82-143, Death After Retirement; Automatic Survivor Pension To Minor Children And/Or Surviving Spouse; By Amending Section 82-144, Death While An Employee Of The Town; Automatic Survivor Pension To Minor Children And/Or Spouse; Amending Section 82-145, Elective Survivor Pension; Providing For Severability; Providing For Repeal Of

Ordinances In Conflict; Providing For Codification; Providing An Effective Date.
[Peter B. Elwell, Town Manager]

V. ANY OTHER MATTERS

VI. ADJOURNMENT

PLEASE TAKE NOTE:

The progress of this meeting may be monitored by visiting the Town's website (www.townofpalmbeach.com) and selecting "Your Government" and then selecting "Live Meeting Audio". If you have questions relative to these two features, please contact the Office of Information Systems (561) 227-6315.

Disabled persons who need an accommodation in order to participate in the Town Council Meeting are requested to contact the Town Manager's Office at 838-5410 or through the Florida Relay Service by dialing 1-800-955-8770 for voice callers or 1-800-955-8771 for TDD callers.

TOWN OF PALM BEACH
Information for Special Town Council Meeting on: April 24, 2012

To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: Implementation of Changes in the Town's Retirement Programs

Date: April 23, 2012

STAFF RECOMMENDATION

Staff recommends that Town Council adopt Ordinance No. 6-2012 at your April 24 meeting.

GENERAL INFORMATION

On February 16, Town Council adopted Resolution No. 22-2012, creating the 401(a) defined contribution pension plan that will commence on May 1. Town staff and ICMA-RC have completed the necessary training and enrollment to implement that portion of the Town's modified retirement system.

On March 14, Town Council adopted Ordinance No. 1-2012 (to withdraw from participation in the premium tax revenue sharing program established by Chapters 175 and 185, Florida Statutes) and Ordinance No. 4-2012 (to consolidate the Town's 3 retirement boards into one), and appointed the 5 Town resident members of the consolidated Retirement Board of Trustees. The 3 prior boards were "sunsetted" on March 31 and the consolidated board held its first meeting on April 2. Ray Snow, formerly the chair of the Police Officers' Retirement Board, was chosen by the members of the consolidated board to be their chair. The board is scheduled to meet again on May 18 and then at least quarterly thereafter.

On April 10, Town Council approved on first reading Ordinance No. 6-2012, which will modify the Town's defined benefit pension plan. That document is attached hereto for final review and adoption on second reading at the special Town Council meeting on April 24. The ordinance shows in legislative draft format (using underlining to identify additions and ~~strikethrough~~ to identify deletions) all proposed changes to the existing Town Code of Ordinances at Chapter 82, Article II, Division 2, "Retirement System." The proposed changes will implement pension related matters decided through the collective bargaining process with IAFF Local 2928 and the Fraternal Order of Police, all other applicable direction provided through previous Town Council decisions, and modifications necessary to provide clarity and proper administration of the Town's modified retirement system.

FUNDING/FISCAL IMPACT

Attached is an "Impact Statement and Actuarial Cost Estimate" required by State Statutes and submitted by Brad Armstrong of Gabriel, Roeder, Smith, and Company for each of the Town's 3 pension funds. Finance Director Jane Struder and I will be converting this information to a budgetary forecast and will present that information when we submit the proposed FY13 budget in June.

TOWN ATTORNEY REVIEW

The Town Attorney and special counsel retained to assist in the pension plan transition collaborated on the preparation of Ordinance No. 6-2012.

PBE:
Attachments
c: Retirement Board
William P. Hanes, Retirement Plan Administrator
Kennie Wells, Acting Director of Human Resources
Jane Struder, Director of Finance

ORDINANCE NO. 6-2012

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AMENDING CHAPTER 82 OF THE TOWN CODE OF ORDINANCES RELATING TO PERSONNEL, AT ARTICLE II, EMPLOYEE BENEFITS, DIVISION 2, RETIREMENT SYSTEM, AMENDING SUBDIVISION I, IN GENERAL, BY AMENDING SECTION 82-51, GENERAL, AS AMENDED BY ORDINANCE NO. 4-2012, ADOPTED MARCH 13, 2012; BY AMENDING SECTION 82-52, DEFINITIONS; BY AMENDING SECTION 82-54, CREDITED SERVICE; LOSS OF CREDITED SERVICE; REINSTATEMENT OF CREDITED SERVICE; BY AMENDING SECTION 82-56, BENEFIT GROUPS; BY AMENDING SECTION 82-59, TRANSFER OF SERVICE BETWEEN TOWN PLANS; BY AMENDING SECTION 82-63, AMOUNT OF POST-RETIREMENT REDETERMINATION OF PENSIONS; BY AMENDING SECTION 82-65, ALLOWANCE OF INTEREST; RATES OF INTEREST; BY AMENDING SECTION 82-66, REFUND OF MEMBER'S ACCUMULATED CONTRIBUTIONS; BY AMENDING SECTION 82-69, ADMINISTRATIVE EXPENSES; BY AMENDING SECTION 82-70, ASSIGNMENTS PROHIBITED; BY AMENDING SECTION 82-72, ROLLOVER DISTRIBUTIONS; BY AMENDING SECTION 82-73, METHOD OF MAKING PAYMENTS; AMENDING SUBDIVISION II, RESERVE ACCOUNTS, BY AMENDING SECTION 82-80, RESERVE FOR MEMBER CONTRIBUTIONS; BY AMENDING SECTION 82-83, RESERVE FOR UNDISTRIBUTED INVESTMENT INCOME; BY DELETING SECTION 82-85, PLANS AND ASSETS SEGREGATED; BY DELETING SECTION 82-86, CHAPTERS 175 AND 185, FLORIDA STATUTES; AMENDING SUBDIVISION III, FIREFIGHTERS, BY DELETING SECTION 82-90, FIREFIGHTER BOARD OF TRUSTEES; BY DELETING SECTION 82-91, TERM OF OFFICE; OATH OF OFFICE; VACANCY; BY DELETING SECTION 82-92, OFFICERS, ADMINISTRATIVE SERVICES; BY DELETING SECTION 82-93, INVESTMENT LIMITATIONS; BY AMENDING SECTION 82-94, RETIREMENT AGE AND SERVICE CONDITIONS; BY AMENDING SECTION 82-95, AMOUNT OF PENSION; BY AMENDING SECTION 82-96, OPTIONAL FORMS OF PAYMENT OF A PENSION; BY DELETING SECTION 82-97, SUPPLEMENTAL PENSION DISTRIBUTIONS; BY AMENDING SECTION 82-98, CHAPTER SHARE ACCOUNTS; BY AMENDING SECTION 82-99, DEFERRED RETIREMENT OPTION PROGRAM; BY AMENDING SECTION 82-100, DISABILITY RETIREMENT; BY AMENDING SECTION 82-102, CONTINUATION SUBJECT TO RE-EXAMINATION; RETURN TO EMPLOYMENT; EFFECT OF GAINFUL EMPLOYMENT; BY AMENDING SECTION 82-103, DEATH AFTER RETIREMENT; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SURVIVING SPOUSE; BY AMENDING SECTION 82-104, DEATH WHILE AN EMPLOYEE OF THE

TOWN; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SPOUSE; BY AMENDING SECTION 82-105, ELECTIVE SURVIVOR PENSION; AMENDING SUBDIVISION IV , POLICE OFFICERS, BY DELETING SECTION 82-110, POLICE OFFICER BOARD OF TRUSTEES; BY DELETING SECTION 82-111, TERM OF OFFICE; OATH OF OFFICE; VACANCY; BY DELETING SECTION 82-112, OFFICERS, ADMINISTRATIVE SERVICES; BY DELETING SECTION 82-113, INVESTMENT LIMITATIONS; BY AMENDING SECTION 82-114, RETIREMENT AGE AND SERVICE CONDITIONS; BY AMENDING SECTION 82-115, AMOUNT OF PENSION; BY AMENDING SECTION 82-116, OPTIONAL FORMS OF PAYMENT OF A PENSION; BY DELETING SECTION 82-117, SUPPLEMENTAL PENSION DISTRIBUTIONS; BY AMENDING SECTION 82-119, DEFERRED RETIREMENT OPTION PROGRAM; BY AMENDING SECTION 82-120, DISABILITY RETIREMENT; BY AMENDING SECTION 82-122, CONTINUATION SUBJECT TO RE-EXAMINATION; RETURN TO EMPLOYMENT; EFFECT OF GAINFUL EMPLOYMENT; BY AMENDING SECTION 82-123, DEATH AFTER RETIREMENT; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SURVIVING SPOUSE; BY AMENDING SECTION 82-124, DEATH WHILE AN EMPLOYEE OF THE TOWN; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SPOUSE; BY AMENDING SECTION 82-125, ELECTIVE SURVIVOR PENSION; AMENDING SUBDIVISION V, GENERAL EMPLOYEES AND LIFEGUARDS, BY DELETING SECTION 82-130, GENERAL EMPLOYEE BOARD OF TRUSTEES; BY DELETING SECTION 82-131, TERM OF OFFICE; OATH OF OFFICE; VACANCY; BY DELETING SECTION 82-132, OFFICERS, ADMINISTRATIVE SERVICES; BY AMENDING SECTION 82-134, RETIREMENT AGE AND SERVICE CONDITIONS; BY AMENDING SECTION 82-135, AMOUNT OF PENSION; BY AMENDING SECTION 82-136, OPTIONAL FORMS OF PAYMENT OF A PENSION; BY DELETING SECTION 82-137, SUPPLEMENTAL PENSION DISTRIBUTIONS; BY AMENDING SECTION 82-139, DEFERRED RETIREMENT OPTION PROGRAM; BY AMENDING SECTION 82-140, DISABILITY RETIREMENT; BY AMENDING SECTION 82-143, DEATH AFTER RETIREMENT; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SURVIVING SPOUSE; BY AMENDING SECTION 82-144, DEATH WHILE AN EMPLOYEE OF THE TOWN; AUTOMATIC SURVIVOR PENSION TO MINOR CHILDREN AND/OR SPOUSE; AMENDING SECTION 82-145, ELECTIVE SURVIVOR PENSION; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL OF ORDINANCES IN CONFLICT; PROVIDING FOR CODIFICATION; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF PALM BEACH, PALM BEACH COUNTY, FLORIDA, AS FOLLOWS:

Section 1. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-51, **as amended by Ordinance No. 4-2012 adopted March 13, 2012,** to read as follows:

"Sec. 82-51. General.

(a) The town retirement system established as of July 1, 1947, as amended, is continued for the purpose of providing retirement income to certain employees and former employees, and survivor income to certain of their beneficiaries. Effective April 1, 2012, the retirement system shall be administered by a board of trustees as provided in subsection (b) below. Such board shall operate in the manner provided by this division, and in accordance with applicable provisions of by the United States Internal Revenue Code and Florida Statutes as they may be amended from time to time. The retirement system shall be operated for the exclusive benefit of members, retirants and their beneficiaries.

(b) Notwithstanding any other provision of this Division II, and effective March 14, 2012 ~~upon the adoption of this ordinance~~:

(1) A new board of trustees is created as provided in section 82-57. The members of the new board of trustees shall be selected no later than March 29, 2012, and shall be sworn in on or before March 30, 2012. The existing boards of trustees of the firefighter, police officer and general/lifeguard retirement plans shall continue to operate through March 31, 2012, for the primary purpose of facilitating the transfer of contracts, investment holdings, assets and liabilities of the existing firefighter, police officer and general/lifeguard retirement plans, as well as all documents and records of those plans, to the new board of trustees. The existing boards of trustees shall take all necessary and appropriate action to carry out this purpose in a timely manner.

(2) All existing contracts, investment holdings, assets and liabilities of the existing firefighter, police officer and general/lifeguard retirement plans shall be transferred to and become contracts, investment holdings, assets and liabilities of the new board of trustees on April 1, 2012, or as soon thereafter as administratively possible. The existing firefighter, police officer and general/lifeguard retirement funds shall be separately managed by the new board of trustees for up to six months following April 1, 2012, until such time as the new board of trustees determines that it is prudent to consolidate one or more of the funds. The existing firefighter, police officer and general/lifeguard retirement funds shall be consolidated into one retirement fund on or before October 1, 2012. Notwithstanding the consolidation of the retirement funds, the new board of trustees shall provide for a separate accounting of the assets and liabilities attributable to the firefighter, police officer and general/lifeguard employee benefit groups, and all actuarial valuations and studies performed on and after April 1, 2012 shall include a separate accounting of the assets and liabilities attributable to the firefighter, police officer and general/lifeguard employee benefit groups.

(3) The plan administrators for the existing firefighter, police officer and general/lifeguard retirement plans are authorized to implement and facilitate the provisions of this subsection (b), and to act as plan administrators for the consolidated retirement plan until otherwise determined by the new board of trustees. During the period prior to April 1, 2012 the boards of trustees of the existing firefighter, police officer and general/lifeguard retirement plans and the plan administrators shall take all necessary and appropriate action to ensure that the benefits due retired plan members are not interrupted, and that any benefit applications submitted by plan members are processed in a timely manner. Commencing April 1, 2012, the new board of trustees and the plan administrators shall take all necessary and appropriate action to ensure that the benefits due retired plan members are not interrupted, and that any benefit applications submitted by plan members are processed in a timely manner.

(c) Effective May 1, 2012, and notwithstanding any other provision of this Division 2:

(1) The accrued benefits of all members of the retirement system who have not attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who are employed by the town and not participating in the DROP on May 1, 2012, shall be frozen. All such members shall be 100% vested in their frozen accrued benefit as of May 1, 2012 regardless of length of service. The value of each member's frozen accrued benefit shall be calculated in accordance with the provisions of the retirement system in effect on April 30 2012 and based on the member's credited service and average final compensation on April 30, 2012, and such frozen accrued benefit shall be payable to the member upon attaining eligibility for receipt of retirement benefits under the provisions of the system in effect on April 30 2012, and termination of town employment. For service on and after May 1, 2012, all members of the retirement system who have not attained normal retirement eligibility as of May 1, 2012 based on credited service, excluding credited service purchased pursuant to section 82-54, and who are employed by the town and not participating in the DROP on May 1, 2012 shall accrue benefits in accordance with the provisions of the retirement system as amended by this ordinance. Members of the retirement system who have not attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who are employed by the town and not participating in the DROP on May 1, 2012 shall, upon retirement, be eligible to receive a retirement benefit consisting of two parts: (1) the frozen accrued benefit based on credited service and average final compensation prior to May 1, 2012, payable upon attaining eligibility for receipt of retirement benefits under the provisions of the system in effect on April 30 2012, and entry into the DROP or termination of employment; and (2) the accrued benefit based on credited service on and after May 1, 2012, payable upon attaining age 65 with 10 or more years of credited service, and entry into the DROP or termination of employment.

(2) Members of the retirement system who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012 shall continue to accrue benefits in accordance with the provisions of the system in effect on April 30, 2012 for as long as they are employed by the town and eligible to accrue benefits under the system.

(3) Members of the retirement system who retired or entered the DROP prior to May 1, 2012 shall continue to receive benefits in accordance with the provisions of the system in effect on the date of their retirement or DROP entry.

(4) Members of the retirement system who terminated employment with ten or more years of credited service prior to May 1, 2012 and did not receive a refund of accumulated member contributions shall be eligible to receive benefits in accordance with the provisions of the system in effect on the date of their termination."

Section 2. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-52, to read as follows:

"Sec. 82-52. Definitions.

The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Accumulated member contributions means the sum of all amounts credited to a member's individual account in the reserve for employee contributions.

Average final compensation means:

(a) For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, half the total amount of compensation paid a member during the 24 consecutive months of credited service in which the total amount of compensation paid a member is greatest. The greatest 24 consecutive months of credited service must fall within the member's last five years of credited service prior to retirement, termination, or death.

(b) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, average final compensation for benefits based on credited service prior to May 1, 2012, means half the total amount of compensation paid a member during the 24 consecutive months of credited service in which the total amount of compensation paid a member is greatest. The greatest 24 consecutive months of credited service must fall within the member's last five years of credited service prior to May 1, 2012.

(c) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, and for members hired on or after that date, average final compensation for benefits based on credited service on or after May 1, 2012 means the total amount of compensation paid a member during the final 60 consecutive months of credited service, divided by five. Provided, if a member terminates town employment or enters the DROP after May 1, 2012 with less than 60 months of credited service after that date, average final compensation for benefits based on credited service on or after May 1, 2012 shall be based on the total amount of compensation paid on and after May 1, 2012, divided by the total months of credited service on and after date, multiplied by twelve.

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(d) In applying the above definition of average final compensation, periods of credited service granted while being on long-term disability and/or worker's compensation shall not be considered, nor shall it interrupt consecutive months for the purpose of computing average final compensation.

Beneficiary means an individual who is being paid or who has entitlement to the future payment of a pension or other benefit by the retirement system for a reason other than the individual's membership in the retirement system.

Board of trustees or *board* means the ~~relevant~~ board of trustees responsible for managing this retirement system ~~retirement benefits for the group of employees to which the member belongs, either the general employee board, the firefighter board or the police officer board, or, if applicable, all three boards~~.

~~*Chapter 175* means F.S. ch. 175, Firefighters' Pension Trust Fund, as may be amended from time to time.~~

~~*Chapter 185* means F.S. ch. 185, Police Officers' Retirement Trust Fund, as may be amended from time to time.~~

Child means the natural and adopted children of the member.

Compensation means the salary or wages paid a member for personal service rendered the town while a member of the retirement system, as follows:.

(a) Compensation for members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall include base salary or wages; longevity pay; cost-of-living allowances; salary or wages while absent from work on account of vacation, holiday or illness; overtime pay; special assignment overtime pay; shift premiums; educational incentive payments; and the value of housing furnished a member by the town. Compensation shall not include lump sum payments for accumulated leave paid to or at the direction of a member. Special detail pay shall not be included as compensation.

(b) Compensation for members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, for credited service prior to May 1, 2012, shall include base salary or wages; longevity pay; cost-of-living allowances; salary or wages while absent from work on account of vacation, holiday or illness; overtime pay; special assignment overtime pay; shift premiums; educational incentive payments; and the value of housing furnished a member by the town. Compensation shall not include lump sum payments for accumulated leave paid to or at the direction of a member. Special detail pay shall not be included as compensation.

(c) Compensation for members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and for members hired on or after May 1, 2012, for credited service on and after May 1, 2012, shall include only base salary and shall exclude any other compensation that is not base salary.

Defined contribution plan means the retirement plan established by Resolution No. 22-2012.

DROP means deferred retirement option program.

DROP participant means any member who elects to retire and participate in the deferred retirement option program as provided for his or her employee group.

~~*Firefighter board* means the firefighter board of trustees established by Florida Statutes and by section 82-90 which is established to administer the retirement system for benefit group firefighter and retirants from such group.~~

~~*General employee board* means the general employee board of trustees as established by section 82-130 which is established to administer the retirement system for benefit group general, benefit group lifeguard and retirants from such groups.~~

Pension means a series of monthly payments by the retirement system, for a temporary period or throughout the life of a retirant or beneficiary.

~~*Police officer board* means the police officer board of trustees established by Florida Statutes and by section 82-110 which is established to administer the retirement system for benefit group police officer and retirants from such group.~~

Retirant means an individual who is being paid a pension on account of credited service acquired by the individual as a member of the retirement system.

Retirement system means the Town of Palm Beach Retirement System.

Service means personal service rendered the town while a member of the retirement system and military service qualifying under section 82-55.

Town means Town of Palm Beach, Florida.

Vesting or vested status means the attainment of ten or more years of credited service. Notwithstanding the preceding sentence, all members of the retirement system who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date shall be 100% vested in their frozen accrued benefit as of May 1, 2012, regardless of length of credited service."

Section 3. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-54, to read as follows:

"Sec. 82-54 Credited service; loss of credited service; reinstatement of credited service.

(a) Service rendered by a member shall be credited to the member's individual credited service account in accordance with rules the board~~s~~ of trustees shall from time to time prescribe. In no case shall more than one year of credited service be credited on account of all service rendered by a member in any one year, nor shall less than 85 hours of service in a calendar month be credited as 1/12 year of credited service. Service shall be credited to the nearest 1/12 year.

(b) Except as provided in section 82-80, credited service shall be forfeited and no longer in force if an individual has a break in town employment of more than 12 months or if an individual's accumulated member contributions are withdrawn from the reserve for employee contributions and paid to the individual or a beneficiary (including an estate).

(c) A member may have forfeited credited service restored upon satisfaction of each of the following conditions:

(1) The break in town employment is not more than 12 months; and

(2) The retirement system is paid the total amount of accumulated member contributions previously withdrawn, plus interest from the date of withdrawal to the date of repayment. Repayment shall be made in accordance with rules the board~~s~~ shall from time to time prescribe. Repayment must be completed within one year of recommencement of membership.

(d) Unless otherwise prohibited by law, a vested member who has not purchased service credit under section 82-64, may purchase years or fractional parts of years of service to be added to years of credited service provided that:

(1) The member contributes to the retirement system the sum that would have been contributed, based on the applicable employee contribution rate in effect at the time that the credited service is requested for the years or fractional parts of years for which the credit is requested, plus payment of costs for all professional services rendered to the board in connection with the purchase of years of credited service, plus the amount actuarially determined so that the crediting of service does not result in any costs to the retirement system.

(2) Payment by the member of the required amount may be made within six months of the request for credit and in one lump sum payment, or over a period equal to the length of time being purchased or five years, whichever is less, at an interest rate which is equal to the interest rate determined under section 82-65. No credit shall be given for any service until all years of service which are to be purchased, have been purchased.

(3) The credited service purchased under this section shall count for all purposes except vesting. No more than five years of credited service may be purchased.

(4) If a member who is in the process of purchasing service terminates before completing the purchase, the unpaid purchase price due from the former member may be set-off against benefits payable to the former member.

(5) A purchase of service may be made no more than three times during the course of employment and no purchase may be made until any previous purchase is fully paid.

(6) Purchases of service by members of benefit group firefighter may only be based upon actual prior service as a firefighter or service in the military and purchases of service by a member of benefit group police officer may only be based upon actual prior service as a police officer or service in the military. "

Section 4. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-56, to read as follows:

"Sec. 82-56. Benefit groups.

(a) The following benefit groups are designated for the purpose of determining benefit conditions, benefit amounts and contribution amounts applicable to a member:

(1) Benefit group general, consisting of all members not included in benefit groups firefighter, police officer or lifeguard.

(2) Benefit group firefighter, consisting of members employed in the fire-rescue department who hold the rank of firefighter, paramedic, or higher (including probationary firefighters), provided that they are certified pursuant to F.S. § 633.35.

(3) Benefit group police officer, consisting of members employed in the police department who hold the rank of police officer or higher (including probationary police officers), provided that they are certified pursuant to F.S. § 943.1395.

(4) Benefit group lifeguard, consisting of members employed in the ocean rescue unit ~~beach patrol department~~ who hold the rank of lifeguard or higher, including probationary lifeguards.

(b) Benefit eligibility conditions shall be those applicable to the benefit group under which the member has the largest amount of credited service.

(c) Pension amounts shall be separately determined for each benefit group based on retirement system provisions in effect at time of termination of membership."

Section 5. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-59, to read as follows:

"Sec. 82-59. Transfer of service between town plans.

In the event that a member changes his or her job status after October 4, 2007 and prior to May 1, 2012, such that he or she becomes a member of a different benefit group, he or she shall be subject to the following:

(1) If he or she is not fully vested, the accumulated contributions in the previous benefit group, if any, will be retained by the plan for such benefit group. The member shall be treated the same as terminated vested member of such plan and, therefore, entitled to benefits in existence in such plan on the date of transfer to the new benefit group, provided that the member attains at least ten years of credited service credited service. Credited service up to the date of transfer to the new benefit group will be counted for purposes of determining eligibility for benefits in the new benefit group, but not for purposes of pension calculations. Service in the first benefit group shall be credited with the multiplier for that benefit group at the time of transfer, and service in the new benefit group shall be credited with the multiplier for that benefit group. Upon retirement, the member shall receive pension payments from each benefit group using the average final compensation at the time of transfer or retirement, whichever is applicable, based upon the service and multiplier of each benefit group at the time of termination from participation in the plan of such benefit group, and pension payments shall become due and payable on the early or normal retirement date of the benefit group in which the member most recently participated.

(2) If already vested in a benefit group, the member shall be entitled to all of the rights and benefits according to the plan for that benefit group, and, upon transferring into a different benefit group, shall be entitled to all rights and benefits as a new employee in such benefit group.

(3) To become eligible for a pension from both plans, the member must have satisfied the service requirements for vesting, that is, ten years of total combined service credited service.

~~(4) This section is effective for employees who transfer benefit groups after the effective date of this section~~."

Section 6. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-63, to read as follows:

"Sec. 82-63. Amount of post-retirement redetermination of pensions.

(a) The amount of each pension that became effective after September 30, 1968, and prior to October 1, 1990, shall be increased each October 1, starting with the October 1 that is at least 12 full months after the effective date. The amount of increase shall be one percent of the base amount of pension that would be payable had no increases been granted under the provisions of this section.

(b) The amount of each pension that became effective after September 30, 1990 for members who retired, entered the DROP or terminated employment with 10 or more years of credited service prior to May 1, 2012, and members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be increased on the first day of the month which is at least 36 full months after the effective date and shall be further increased on an annual basis thereafter. The amount of annual increase shall be two percent.

(c) The amount of each pension that became effective after September 30, 1990 based on credited service prior to May 1, 2012 for members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be increased on the first day of the month which is at least 36 full months after the effective date and shall be further increased on an annual basis thereafter. The amount of annual increase applicable to the pension based on credited service prior to May 1, 2012 shall be two percent.

(d) There shall be no post-retirement increase applied to any pension based on credited service on and after May 1, 2012 for members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and for members hired on or after May 1, 2012."

Section 7. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-65, to read as follows:

"Sec. 82-65. Allowance of interest; rates of interest.

The board~~s~~ of trustees of the retirement system shall, at the end of each fiscal year, credit interest on the individual balances in the reserve for member contributions, and on the balances in the reserve for employer contributions and the reserve for retired benefit payments. The amounts so credited shall be charged to the reserve for undistributed investment income. The board~~s~~ shall determine the rate of interest to be used in the crediting and charging of interest."

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Section 8. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-66, to read as follows:

"Sec. 82-66. Refund of member's accumulated contributions.

(a) An individual who ceases to be a member for any reason except retirement or death prior to satisfying any of the applicable age and service requirements for retirement shall be paid his accumulated member contributions upon written request filed with the plan administrator ~~board of trustees~~.

(b) If an individual dies and no pension becomes or will become payable by the retirement system on account of the death, the deceased individual's accumulated member contributions shall be paid to such individual or individuals as the deceased individual shall have named by written designation duly executed and filed with the board. If there is no such named individual surviving the deceased individual, the accumulated member contributions shall be paid to the deceased individual's estate.

(c) Payment of accumulated contributions as provided in this section may be made in installments."

Section 9. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-69, to read as follows:

"Sec. 82-69. Administrative expenses.

The administrative expenses of the retirement system shall be borne by the plan, and allocated to each employee benefit group in proportion to the assets attributable to each group as of the end of the most recent plan year. ~~with those generated by the boards or for the benefit of the employee groups allocated to such boards or employee groups~~."

Section 10. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-70, to read as follows:

"Sec. 82-70. Assignments prohibited.

(a) The right of an individual to a pension, to the return of accumulated contributions, the pension itself, any optional benefit, any other right accrued or accruing to any individual under the provisions of the retirement system, and any moneys belonging to the retirement system shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency law, or any other process or law whatsoever, and shall be unassignable, except as is otherwise specifically provided in this section.

(b) If a member is covered by a group insurance or prepayment plan participated in by the town, and should the member be permitted to and elect to continue such coverage as a retirant, the member may authorize the relevant board of trustees to have deducted from his pension the payments, if any, required of the retirant to continue coverage under such group insurance or prepayment plan. The town shall have the right of setoff for any claim arising from embezzlement or fraud by a member, retirant or beneficiary, unless prohibited by law ~~chapter 175 or chapter 185~~."

Section 11 The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-72, to read as follows:

"Sec. 82-72. Rollover distributions.

(a) *General.* Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this subsection, a distributee may elect, at the time and in the manner prescribed by the board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) *Definitions.*

(1) *Eligible rollover distribution.* An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Internal Revenue Code ("code"); and the portion of any distribution that is not includible in gross income. Any portion of any distribution which would be includible in gross income will be an eligible rollover distribution if the distribution is made to an individual retirement account described in code section 408(a), to an individual retirement annuity described in code section 408(b) or to a qualified defined contribution plan described in code section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is not so includible.

(2) *Eligible retirement plan.* An eligible retirement plan is an individual retirement account described in section 408(a) of the code, an individual retirement annuity described in section 408(b) of the code, an annuity plan described in section 403(a) of the code, an eligible deferred compensation plan described in section 457(b) of the code which is maintained by an eligible employer described in section 457(e)(1)(A) of the code and which agrees to separately account for amounts transferred into such plan from this plan, an annuity contract described in section 403(b) of the code, or a qualified trust described in section 401(a) of the code, that accepts the distributee's eligible rollover distribution. This definition shall also apply in the case of an eligible rollover distribution to the surviving spouse.

(3) *Distributee.* A distributee includes a member or former member. In addition, the member's or former member's surviving spouse is a distributee with regard to the interest of the spouse.

(4) *Direct rollover.* A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee, or a payment to the plan from an eligible retirement plan for the purchase of credited service under the plan."

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Section 12. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision I, In General; Section 82-73, to read as follows:

"**Sec. 82-73. Method of making payments.**

All payments from moneys of the retirement system shall be made according to procedures governing the disbursement of town general fund moneys. No payment shall be made unless it shall have been previously authorized by a specific or continuing resolution of ~~one of~~ the board~~s~~ of trustees. Benefits shall accrue from the day following the date of retirement, death, or disability and shall be payable monthly."

Section 13. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision II, Reserve Accounts; Section 82-80, to read as follows:

"**Sec. 82-80. Reserve for member contributions.**

(a) The reserve for member contributions is the account in which is accumulated the contributions deducted from the compensation of members, or otherwise paid to the retirement system by the member or on the member's behalf, and from which shall be made refunds and transfers of accumulated member contributions.

(b) For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to Section 82-54, and who were employed by the Town and not participating in the DROP on that date, their contribution rate both before and after May 1, 2012 shall be 7.21% for benefit group lifeguard, 6.98% for benefit group police officer, 6.82% for benefit group firefighter, and 6.47% for benefit group general.

(~~b~~c) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to Section 82-54, ~~M~~member contributions to the retirement system shall be at the applicable following rates:

Benefit Group	Contribution Rate (percent) Before May 1, 2012	Contribution Rate (percent) On and After May 1, 2012
Benefit group general – hired before May 1, 1992	6.47	4.47
Benefit group general – hired on or after May 1, 1992	6.47	2.47
Benefit group firefighter	6.82	4.82
Benefit group police officer	6.98	4.98
Benefit group lifeguard – hired before May 1, 1992	7.21	5.21
Benefit group lifeguard – hired on or after May 1, 1992	7.21	3.21

(~~c~~d) The individual responsible for preparing the town payroll shall cause the contributions provided for in subsection (b) of this section to be deducted from the compensation of each member on each payroll. The deducted contributions shall be paid to the retirement system and shall be credited to the member's individual accounts in the reserve for member contributions. Member's contributions shall be made notwithstanding that the minimum compensation provided by law for any member shall be changed thereby. Every member shall be deemed to consent and agree to the deductions made and provided herein. Payment of compensation, less the deduction, shall be a full and complete discharge and acquittance of all claims and demands whatsoever for services rendered by the member during the period covered by such payment, except as to benefits provided by the retirement system.

(~~d~~e) The accumulated contributions of a member shall be transferred from the reserve for member contributions to the reserve for retired benefit payments upon a member's retirement or death. At the expiration of a period of four years from the date an individual without entitlement to a vested termination pension provided in section 82-94, 82-114, or 82-134 ceases to be a member, any balance in the reserve for member contributions unclaimed by the individual or the individual's legal representative shall be transferred to the reserve for undistributed investment income. Provided, however, that a former firefighter member or a former police officer member may voluntarily leave his or her contributions in the fund for a period of five years after leaving the employ of the town, pending the possibility of being rehired by the same department, without losing credit for the time he or she has participated actively as a member. If such former member is not re-employed as such with the same department within five years, his or her contributions shall be returned without interest."

Section 14. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision II, Reserve Accounts; Section 82-83, to read as follows:

"Sec. 82-83. Reserve for undistributed investment income.

The reserve for undistributed investment income is the account to which is credited all interest, dividends and other income from the investment of retirement system assets; all gifts and bequests received by the retirement system; all unclaimed accumulated contributions and pensions; and all other moneys received by the retirement system the disposition of which is not specifically provided. There shall be transferred from the reserve for undistributed investment income all amounts required to credit interest to the reserve for member contributions, reserve for employer contributions, and the reserve for retired benefit payments. Whenever the board~~s~~ of trustees determine**s** the balance in the reserve for undistributed investment income is more than sufficient to cover current charges to the account, the excess or any part thereof may be used to provide contingency reserves or to meet special requirements of the other reserve accounts of the retirement system~~; provided, however, that the reserves and accounts of each board of trustees shall not be commingled and no transfer shall be made to the reserves or accounts of another board~~. Whenever the balance in the reserve for undistributed investment income is insufficient to meet the current charges to the account, the amount of the insufficiency shall be transferred from the reserve for employer contributions."

Section 15. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision II, Reserve Accounts, by deleting Sections 82-85 and 82-86 in their entirety.

~~**Sec. 82-85. Plans and assets segregated.**~~

~~The plan, money or assets for the benefit of benefit groups shall be segregated from those of other benefit groups (except benefit group general and benefit group lifeguard, which shall be commingled), and the segregation, investment, safekeeping and disbursement of such money or assets shall be the responsibility of the trustees of the relevant boards.~~

~~**Sec. 82-86. Chapters 175 and 185, Florida Statutes.**~~

~~If any terms or conditions of this chapter applicable to the firefighter board, benefit group firefighter, or the police officer board, benefit group police officer, are inconsistent with F.S. chs. 175 or 185, as amended from time to time, F.S. chs. 175 and 185, as amended from time to time, shall control.~~

Section 16. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; by deleting Sections 82-90, 82-91, 82-92 and 82-93 in their entirety.

~~**Sec. 82-90. Firefighter board of trustees.**~~

~~(a) The firefighter board of trustees (the "firefighter board" or the "board") shall consist of the following individuals:~~

~~(1) Two members covered by benefit group firefighter, to be elected by members of that benefit group.~~

~~(2) Two legal residents of the town, to be appointed by the town council.~~

~~(3) The fifth member of the firefighter board shall be chosen by a majority of the previous four members and such person's name shall be submitted to the town council which, as a ministerial duty, shall appoint such person to the firefighter board as its fifth member.~~

~~(b) Elections of member trustees shall be held in accordance with rules adopted by the firefighter board and with F.S. ch. 175.~~

~~(c) The firefighter board shall meet at least bi-monthly, shall adopt its own rules of procedure and shall keep records of its proceedings. Three trustees shall constitute a quorum at any meeting of the board, and at least three concurring votes shall be necessary for a decision by the board. Each trustee shall be entitled to one vote on each question before the board. The trustees shall not receive any compensation but may receive expenses and per diem as provided by state law.~~

~~(d) The firefighter board shall be a legal entity with, in addition to other powers and responsibilities contained herein and the powers and responsibilities set forth in F.S. ch. 175, the power to bring and defend lawsuits of every kind, nature and description, and to administer separate plans for the benefit of its members and retirants.~~

~~(e) If a claim for benefits is denied by the firefighter board, the claimant shall be notified of the denial, in writing, within 30 days of the board's action. The notification shall set forth the reasons~~

~~for denial. The claimant may appeal the denial and request a hearing before the board. The appeal shall be in writing to the town clerk and filed within 90 days of the board's denial. The request shall contain a written statement of the claimant's position regarding the claim. The board shall schedule a hearing within 60 days of receipt of the appeal.~~

~~Sec. 82-91. Term of office; oath of office; vacancy.~~

~~(a) The regular term of office of member-elected trustees of the firefighter board and appointed trustees shall be two years and they may succeed themselves in office.~~

~~(b) Each trustee shall, before assuming the duties of trustee, qualify by taking an oath of office to be administered by the town clerk.~~

~~(c) A vacancy shall occur on the firefighter board if:~~

~~(1) A member-elected trustee ceases to be a member of benefit group firefighter;~~

~~(2) Any member-elected trustee or the fifth member of the firefighter board fails to attend three consecutive meetings of the firefighter board unless in each case excused for cause by the trustees attending the meeting;~~

~~(3) Any town citizen or legal resident appointed by the town council fails to remain such; and~~

~~(4) Any trustee resigns or is removed from office.~~

~~(d) If a vacancy occurs on the firefighter board, the vacancy shall be filled within 30 days, for the unexpired term, in the same manner as the position was previously filled.~~

~~Sec. 82-92. Officers, administrative services.~~

~~The officers and employed services of the firefighter board shall be as follows:~~

~~(1) *Chair*. The firefighter board shall annually elect a chair and a chair pro term from its members.~~

~~(2) *Secretary*. The firefighter board shall annually elect a secretary from among its members.~~

~~(3) *Finance director and treasurer*. The town finance director and treasurer shall be finance director and treasurer of the firefighter board, unless the firefighter board delegates such authority to a plan administrator. The assets, other than operating accounts, shall be placed in the custody of a nationally chartered bank or trust company. The board may appoint a plan administrator to administer the operating accounts at the fund's expense.~~

~~(4) *Legal advisor*. The firefighter board may employ legal counsel at the fund's expense.~~

~~(5) *Actuary*. The firefighter board shall appoint and compensate an actuary who shall be the technical advisor to the board regarding the operation of the retirement system on an actuarial basis, and who shall perform such services as are required in that connection. The term "actuary" as used in this article shall mean a member of the American Academy of Actuaries, or a person who has demonstrated an educational background necessary for the practice of actuarial science and has at least five years of relevant pension actuarial experience. A partnership or corporation may be appointed actuary if the duties of actuary are performed by or under the direct supervision of an individual who meets the preceding qualifications.~~

~~(6) *Services.* The firefighter board may employ such professional and other services as are required for the proper administration of the retirement system at the fund's expense.~~

~~(7) *Investment consultant.* The firefighter board shall employ an investment consultant at the fund's expense.~~

~~**Sec. 82-93. Investment limitations.**~~

~~Upon consultation with its investment advisors and staff, the board may exceed the limitations on investments in common stock and capital stock specified in F.S. ch. 175.~~

Section 17. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-94, to read as follows:

"Sec. 82-94. Retirement age and service conditions for firefighters.

(a) A firefighter may retire upon satisfaction of each of the following requirements:

(1) The firefighter has filed written application for retirement with the board setting forth the date, not less than 30 days nor more than 120 days subsequent to the execution and filing thereof, retirement is to be effective.

(2) Unless the firefighter is an applicant for a DROP, the firefighter terminates all town employment prior to the date retirement is to be effective.

(3) The firefighter has met an applicable age and service condition for retirement.

(b) The age and service conditions for normal retirement are as follows:

1. Members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining ~~the firefighter has attained~~ age 50 with ~~years or older and has~~ ten or more years of credited service; or when the ~~firefighter's~~ member's age to last completed month plus credited service totals 65 years or more and the member ~~individual~~has ten or more years of credited service; or when the member ~~firefighter~~has 20 or more years of credited service.

2. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining age 50, or when the member's age to last completed month plus credited service totals 65 years or more, or upon completion of 20 years of credited service regardless of age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and average final compensation on April 30, 2012. Such members shall be eligible to receive the accrued benefit based on credited service on and after May 1, 2012 upon attaining age 65 with ten or more years of credited service.

3. Members hired on or after May 1, 2012, shall be eligible for normal retirement upon attaining age 65 with ten or more years of credited service."

Section 18. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-95, to read as follows:

"Sec. 82-95. Amount of pension - firefighters.

(a) The amount of a member's or a vested former member's pension under the standard form of payment shall be equal to the sum of separately determined amounts for which the individual has credited service in force, and in no event shall the amount of a member's or a vested former member's pension under the standard form of payment be less than $1,200.00 per annum.

(b) The amount of pension attributable to a member who has credited service under another benefit group shall be the amount determined by calculating credited service in this benefit group plus the amount determined by calculating credited service in such other benefit group.

(c) The benefit formula for firefighters is:

1. For pension payments payable after October 1, 2005 to firefighters who were actively employed on and after October 1, 2005 and who retired, entered the DROP, or terminated employment with 10 or more years of credited service prior to May 1, 2012, and to firefighters who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the benefit formula shall be~~such date,~~ average final compensation multiplied by the sum of 3.5 percent of credited service to a maximum of 87.5 percent, plus two percent of average final compensation for credited service, if any, in excess of 43.75 years. The standard form of payment for such benefit shall be life and ten years certain (i.e., ~~Provided further that,~~ unless a retirant chooses an optional form of payment under section 82-96, payments for the benefit of a retirant who dies within ten years of retirement shall continue to the retirant's designated beneficiary until the tenth anniversary of the retirant's retirement date.

2. For firefighters who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the benefit formula shall be 3.5 percent of average final compensation on April 30, 2012, multiplied by credited service on that date. The accrued benefit of all such firefighters shall be frozen on May 1, 2012. The standard form of payment for the frozen accrued benefit shall be life and ten years certain.

3. For credited service on and after May 1, 2012, except as such service may be credited to members who qualify under Section 82-95 (c) 1 above, the benefit formula shall be 1.25 percent of average final compensation multiplied by years of credited service on and after that date. The standard form of payment for benefits based on credited service on and after May 1, 2012 shall be a straight life annuity, payable for the member's lifetime.

4. Firefighters who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012 shall, upon retirement, be eligible to receive a retirement benefit consisting of two parts: (1) the frozen accrued benefit based on credited service prior to May 1, 2012, payable upon entry into the DROP or termination of employment and attaining eligibility for receipt of retirement benefits under the provisions of

the system in effect on April 30 2012 and ; and (2) the accrued benefit based on credited service on and after May 1, 2012, payable upon attaining age 65 with 10 or more years of credited service and entry into the DROP or termination of employment."

Section 19. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-96, to read as follows:

"Sec. 82-96. Optional forms of payment of a pension for firefighters.

(a) Firefighters who terminated employment with 10 or more years of credited service prior to May 1, 2012, and firefighters who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, ~~A member or vested member~~ may elect to be paid under one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death, 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL) the retirant is paid a pension for life. The (SL) payment amount is an increased amount based on the actuarial equivalent of the life with ten-year guarantee standard form of payment computed pursuant to section 82-95(c).

(4) Such members may also elect to receive the following optional benefit forms:

a. *A75--75 percent survivor pension.* Under optional form of payment A75, a retirant is paid a reduced pension for life. Upon the retirant's death, 75 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

b. *A66-2/3--66 2/3 percent survivor pension.* Under optional form of payment A66-2/3, a retirant is paid a reduced pension for life. Upon the retirant's death, 66 2/3 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(b) Firefighters who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012, may elect to receive the frozen accrued benefit based on credited service prior to May 1, 2012 under one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death, 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or

more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL) the retirant is paid a pension for life. The (SL) payment amount is an increased amount based on the actuarial equivalent of the life with ten-year guarantee standard form of payment computed pursuant to section 82-95(c).

(4) *A75--75 percent survivor pension.* Under optional form of payment A75, a retirant is paid a reduced pension for life. Upon the retirant's death, 75 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(5) *A66-2/3--66 2/3 percent survivor pension.* Under optional form of payment A66-2/3, a retirant is paid a reduced pension for life. Upon the retirant's death, 66 2/3 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(c) A firefighter may elect to receive the accrued benefit based on credited service on and after May 1, 2012 as follows: the member may elect to receive a reduced pension for life, and upon the retirant's death 100 percent, 75 percent, 66 and 2/3 percent or 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of the reduced pension payable to the retirant shall reflect an actuarial reduction in the standard form of payment based on the age of the member and the age of the beneficiary, such that the total value of the benefit payable to the retirant and beneficiary is actuarially equivalent to the standard form of payment to the retirant. The election of an optional form of payment under this subsection (c) must be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made."

Section 20. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; by deleting Section 82-97 in its entirety.

~~**Sec. 82-97. Supplemental pension distributions.**~~

~~(a) The board of trustees may annually authorize supplemental pension distributions to eligible persons, the amount of which shall be determined as of each September 30, beginning September 30, 2001. The amount of the supplemental pension distribution of an eligible person will be determined as follows:~~

~~(1) The amount shall be equal to the total eligible persons from benefit group firefighter, divided into the positive amount of investment return, if any, earned during the fiscal year ending September 30 on the reserve for retired benefit payment assets of benefit group firefighter which exceeds eight percent but does not exceed ten percent.~~

~~(2) The board shall determine whether there may be a supplemental pension distribution based on the following factors:~~

~~a. The actuary or plan administrator shall determine the rates of investment return during the fiscal year ending each September 30. The rates determined shall be the rate reported on the most recent actuarial reports submitted pursuant to F.S. ch. 112, pt. VII.~~

~~b. The actuary or plan administrator shall, as of September 30, determine the amount, if any, of investment return which, after expenses, exceeds eight percent of the reserve for retired benefit payment assets but does not exceed ten percent of such assets.~~

~~(3) If the investment return on these assets is less than eight percent, such amounts shall be carried forward to be charged against calculations of supplemental pension distributions during the next year and shall continue to carry forward until such carry forwards are offset by investment returns exceeding eight percent. If the net experiences are unfavorable, cumulatively, commencing with the experience for the year ended September 30, 2001, and thereafter, no supplemental distributions may be made until the net experiences are favorable, and the town must amortize the losses until it is offset by cumulative favorable experiences. If the next experience is favorable, cumulatively, commencing with the experience for the year ending September 30, 2001, after offset for all prior supplemental pension distributions, the supplemental pension distributions may be made to eligible persons of the benefit group.~~

~~If a supplemental pension distribution report or reports is or are not state accepted prior to distributions, and if a deficiency to the fund results, the deficiency shall be made up by withholding and charging such deficiency against the next available supplemental pension distribution, unless sooner made up by agreement between the board and the town. No such deficiency shall be permitted to continue for a period greater than three years from the date of payment of a supplemental distribution which resulted in a deficiency.~~

~~(b) If the actuary or plan administrator determines that there may be a supplemental distribution, then the board of trustees shall authorize supplemental pension distributions unless the administrative expenses of distribution exceed the amount available for the distribution, in which event, no distribution may be authorized or made.~~

~~(c) "Eligible persons" are:~~

~~(1) Retirants;~~

~~(2) Surviving spouses;~~

~~(3) Surviving dependent children of retirants; and~~

~~(4) Retirants' estates.~~

~~(d) The supplemental pension distribution, if any, shall be made on or about May 1 annually. Eligible persons retired for less than one year are entitled to a prorata share of their supplemental pension distribution based on the number of months retired. A retirant's estate is entitled to a~~

~~prorata share of the deceased retirant's supplemental pension distribution based on the number of months that the deceased retirant received a pension during the year ending the September 30 prior to the retirant's death.~~

~~(e) Supplemental pension distributions payable to eligible persons who are participants in the DROP at the time of payment shall be added to such eligible person's DROP account.~~

~~(f) Supplemental pension distributions to beneficiaries of deceased retirants shall have their supplemental pension distributions reduced in the same proportion as are their pension payments.~~

Section 21. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-98, to read as follows:

"Sec. 82-98. Chapter 175 share accounts.

(a) *Individual member accounts.* A separate individual member account shall be established and maintained in each group firefighter member's name effective on or after October 1, 1998. Firefighter DROP participants shall participate or continue to participate in this supplemental plan and the accounts for such participants shall be treated as individual member accounts under this section 82-98.

(b) *Share account funding.*

(1) Each individual member account shall be credited with a share in accordance with the formula set forth in subsection (3) below of all available tax revenues received from F.S. ch. 175, from October 1, 1998, and thereafter.

(2) Available tax revenues shall be those moneys received pursuant to F.S. ch. 175, which, according to the board actuary, have not been otherwise committed for benefits for members. Notwithstanding any other provision of this section 82-98, in the event there are no available tax revenues or no monies received pursuant to F.S. ch. 175 after May 1, 2012, the then-existing member share accounts shall be administered by the board in accordance with this section 82-98, except that there shall be no annual allocations of ch. 175 tax revenues to the existing member accounts. No new member accounts shall be established on or after May 1, 2012.

(3) In addition, any forfeitures as provided in subsection (e) below shall be credited to the individual member accounts in like manner.

(c) *Annual allocation of accounts.*

(1) Moneys shall be credited to each individual member account in an amount directly proportionate to the number of pay periods for which the member or DROP participant was paid compared to the total number of pay periods for which all members and DROP participants were paid, counting the pay periods in the calendar year preceding the date for which F.S. ch. 175, tax revenues were received.

(2) Upon receipt of the annual disbursement of tax revenues from F.S. ch. 175 each individual member account shall be adjusted to reflect the earnings or losses resulting from investment, as well as reflecting costs, fees and expenses of administration.

(3) Until a member becomes vested, the investment earnings or losses credited to or debited from the individual member accounts shall be in the same percentage as are earned or lost by the

total investment earnings or losses of the retirement plan for benefit group firefighter members as a whole as reported by the fund's investment monitor/consultant less administrative expenses, unless the board dedicates a separate investment portfolio for F.S. ch. 175, share accounts, in which case the investment earnings or losses shall be measured by the investment earnings or losses of the separate investment portfolio. Once vested, a member may, on a semi-annual basis, chose for his/her share account assets to be invested in the system investment method or the self-directed investment method. The board shall by policy establish the procedure for such elections. The two investment methods are:

a. *The system investment method.* The share accounts shall accrue in the retirement system on behalf of the member, plus earnings (losses) at the rate of investment return earned (or lost) on pension fund assets as reported by the fund's investment monitor/consultant for the period that the share account assets remain in the plan. Earnings are credited on a quarterly basis. Share account assets are commingled with the pension fund assets for investment purposes and are subject to payment of prorata share of the fund's administrative expenses.

b. *The self-directed investment method.* For members who are vested in the share account benefit on or after May 12, 2009, each member shall have an individual investment account to which his or her share account benefits shall be transferred. The board shall select a third-party administrator or provider for this purpose. After such selection, each member shall direct the manner in which the amounts in his or her individual investment account shall be invested from an array of options selected by the board. The assets invested in the self-directed method are subject to the administrative and investment management fees assessed by the third-party administrator or provider.

(4) 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 retirement system for firefighter members 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 set forth in subsection (3)a.

(5) If the entire balance of an individual member account is withdrawn before September 30 of any year, there will be no adjustment made to that individual member account to reflect either investment earnings, losses, costs, fees, or expenses of administration.

(d) *Eligibility for benefits.* Any member or DROP participant who terminates employment shall, upon application filed with the ~~firefighter~~ board, be entitled to be paid 100 percent of the value of his individual member account, provided the member meets any of the following criteria:

(1) The member is eligible to receive a pension; or

(2) The member has ten or more years of credited service and is eligible to receive either:

a. A disability pension as provided in section 82-100; or

b. A duty disability pension as provided in section 82-101.

(e) *Forfeitures.* Any member who has less than ten years of credited service and who is not eligible for payment of benefits after termination of employment credited service 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 as set forth in subsection (c)(1) above.

(f) *Payment of benefits.* The normal form of benefit payment shall be a lump sum payment of the entire balance of the individual member account: or, upon the written election of the member or DROP participant, upon a form prescribed by the board, payment may be made either over three years in annual installments or in the form of a monthly annuity.

(g) *Death of a member.* If a member or DROP participant 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 member's beneficiaries.

(h) *Rollovers from qualified plans.* A member of benefit group firefighter may roll over all or part of his or her assets in another qualified plan to his or her chapter share account provided all of the following requirements are met:

(1) Some or all of the amount distributed from the other plan is rolled over to this plan no later than the 60th day after distribution was made from such plan or, if distributions are made in installments, no later than the 60th day after the last distribution was made.

(2) The amount rolled over to the share account does not include any amounts contributed by the member to such plan on a post-tax basis.

(3) The rollover is made in cash.

(4) The member certifies that the distribution is eligible for a rollover.

(5) Amounts which are accepted as a rollover to this retirement system shall, along with any earnings allocated to the share account, be fully vested at all times.

The rollover may also be made to a member's individual share account from individual retirement accounts qualified under Internal Revenue Code section 408 when the individual retirement account was merely used as a conduit for funds from another qualified plan and the rollover is made in accordance with the rules provided in subsections (1)--(5) above. Amounts rolled over may be segregated from other retirement plan assets. The ~~firefighter~~ board shall separately account for gains, losses, and administrative expenses on rollovers. In addition, the retirement system may accept the direct transfer of a member's benefits from another qualified retirement plan. The retirement system shall account for direct transfers in the same manner as a rollover and shall obtain certification from the member that the amounts are eligible for a rollover or direct transfer to this retirement system.

(i) *Administration and Interpretation.* The share accounts shall be administered by a third-party administrator as directed by the ~~firefighter~~ board. The expense of such third-party administrator shall be paid from <u>employee accounts</u>~~moneys received pursuant to F.S. ch. 175~~. Interpretation of this part by such administrator or administrators shall be resolved as directed by the ~~firefighter~~ board."

<u>Section 22.</u> The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-99, to read as follows:

"**Sec. 82-99. Deferred retirement option program** <u>**for firefighters**</u>**.**

(a) *Generally.* In general, and subject to the provisions of this section, the deferred retirement option program, hereinafter referred to as the DROP, is a program under which an eligible <u>firefighter</u>~~member of the retirement system~~ may elect to retire, participate, and become a retirant of the retirement system, deferring receipt of retirement benefits while continuing employment credited service. For members who are DROP participants or have entered the DROP after May 12, 2009, a member may, on a semi-annual basis, chose for his/her DROP account assets to be invested in the system investment method or the self-directed investment method. The board shall b<u>y</u>~~e~~ policy establish the procedure for such elections. The two investment methods are:

(1) The system investment method. The deferred monthly benefits of a DROP participant shall accrue in the retirement system on behalf of the DROP participant, plus earnings (losses) at the rate of investment return earned (or lost) on pension fund assets as reported by the fund's investment monitor/consultant during the period of DROP participation. Earnings are credited on a quarterly basis. DROP assets are commingled with the pension fund assets for investment purposes and are subject to payment of pro-rata share of the fund's administrative expenses.

(2) The self-directed investment method. For members entering the DROP after May 12, 2009, each DROP participant may choose to have a self directed individual investment account to which his or her monthly benefits shall be transferred. The board shall select a third-party administrator or provider for this purpose. After such selection, each participant shall direct the manner in which the amounts in his or her self-directed individual investment account shall be invested from an array of options selected by the board. DROP assets invested under the self-directed investment method shall receive DROP statements as prepared and distributed by the third party administrator or provider. The assets invested in the self-directed method are subject to the administrative and investment management fees assessed by the third-party administrator or provider.

(3) During the period of DROP participation, neither the town nor the DROP participant is obligated to make additional contributions to the retirement system on behalf of the DROP participant. Upon termination of employment and participation in the DROP, the DROP participant shall receive his or her total DROP benefits and begin to receive his or her previously determined normal retirement benefits. Employment while participating in the DROP does not guarantee employment for any specified period. A DROP participant is a retirant of the retirement system.

(b) *Eligibility of member to participate in the DROP.* Retirement system members are eligible to elect participation in the DROP provided that they elect to retire and provided that:

(1) Election to participate may be made when the member first reaches normal retirement date or age<u>, as follows:</u>.

<u>a. Members who were employed by the town and not participating in the DROP on May 1, 2012 shall be eligible to participate in the DROP upon attaining age 50; or the date on which the member's age to last completed month plus credited service totals 65 years or more; or 20 years of credited service regardless of age. Upon entry into the DROP the benefit payable to such member's DROP account shall be the frozen accrued benefit based on credited service prior to</u>

May 1, 2012. The accrued benefit based on credited service on and after May 1, 2012 shall be payable to the member's DROP account, or directly to the member if DROP participation has ceased, upon attaining age 65.~~, or for a member who first reached normal retirement date or age prior to the effective date of the ordinance from which this section is derived, election to participate may be made within 84 months of the effective date of the ordinance from which this section is derived; provided, however,a~~ Such member who fails to make an election within 84 months after the member has 20 years of credited service shall forfeit all rights to participate in the DROP.

b. Members hired on or after May 1, 2012 shall be eligible to participate in the DROP upon attaining age 65 with 10 or more years of service

(2) There is no break in service to the town between the member's last working day as an employee and first day as a retirant and DROP participant.

(c) *Participation in the DROP.*

(1) The date on which participation in the DROP must terminate is within 120 months of the commencement of the election period provided in subsection (b)(1) of this section. Participation in the DROP may not exceed a maximum of 60 months. No DROP participant may continue to be eligible to participate in the DROP for more than 60 months or for any time after 120 months following the date on which the member first reaches normal retirement age or date, unless the member first reached normal retirement age or date prior to the effective date of the ordinance from which this section derives.

(2) *Submission of required information.* Upon electing to participate in the DROP, the member shall submit on forms required by the retirement system and/or the third-party administrator:

a. A written election to retire;

b. A written election to participate in the DROP;

c. An irrevocable resignation from service to the town and withdrawal from the DROP effective after no more than 60 months participation in the DROP;

d. A properly completed DROP application for service retirement as provided in this section; and

e. Any other information required by the retirement system or by the third-party administrator.

(3) *Re-employed retirants.* Re-employed retirants of the town's retirement system are not eligible to participate in DROP.

(d) *Compensation for work performed while participating in ~~Benefits payable under~~ the DROP.* Starting pay shall be at the base pay rate in effect on the employee's last working day of employment, prior to participation in the DROP. Job performance will be evaluated under the town's pay for performance system, and performance pay increases will be permitted as established by town policy. General pay increases shall also be awarded, as approved by the town council and the town manager. Performance pay increases and general pay increases awarded to DROP participants will be reflected in their salary but will not be reflected in pension payments made to DROP accounts or made after DROP participation.

(1) Effective with the date of DROP participation, the member's initial normal monthly pension benefit, calculated in accordance with section 82-95 and based on creditable service and average final compensation and the effective date of retirement, shall be fixed. Retirement system amendments which become effective after the establishment date of participation in the DROP will not be applicable to the DROP participant, unless so stated by the amendment. The monthly pension benefit (minus any reduction as determined by the board of trustees as provided by subsection (h) of this section), cost of living adjustments, interest and earnings thereon, if any, shall accrue monthly in the retirement system or the individual investment account as applicable. Interest under the system investment method only shall accrue at an effective annual rate to be determined hereunder as set forth in subsection (h) of this section, and will be compounded monthly, on the prior month's accumulated ending balance, up to the month of termination of the DROP or death.

(2) The monthly pension benefits payable to the DROP (minus any reduction as determined by the board of trustees as provided by subsection (h)) and interest thereon, if any, shall continue to accrue in the DROP until the established termination date of the DROP, or until the DROP participant terminates employment or dies prior to such date. For DROP participants who are invested under the system investment method described above in subsection (a)(1), a separate accounting of each DROP participant's accrued benefits under the DROP shall be calculated and provided to DROP participants at least quarterly. DROP assets invested under the self-directed investment method shall receive DROP statements as prepared and distributed by the third party administrator or provider.

(3) Employee benefits, other than benefits under the retirement system, which are normally granted to employees, will be provided to DROP participants. Such DROP participants are not members of the retirement system.

(4) At the conclusion of the participant's DROP, any credits made to a DROP participant's account will cease. Membership in the DROP will automatically terminate 60 months after the effective date of participation in the DROP, except as provided in subsection (c)(1) above. DROP participants may elect to discontinue membership in the DROP at any time, provided a two-week written notice of termination of employment has been submitted to the town and notice has been submitted to the plan administrator and the third-party administrator.

(5) At the conclusion of the participant's DROP, participants in the self-directed investment method shall exercise such options as provided by the third-party administrator's plan; or for participants in the system investment method, the retirement system may distribute the participant's total accumulated DROP benefits, subject to the following provisions:

a. The retirement system shall receive verification that such DROP participant has terminated membership in the DROP.

b. The terminated DROP participant, or if deceased, such DROP participant's named beneficiary, shall elect on forms provided by the retirement system to receive payment of the DROP benefits in accordance with one of the options listed below.

1. *Lump sum.* All accrued DROP benefits, plus interest and earnings, if any, less withholding taxes remitted to the United States Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

2. *Direct rollover.* All accrued DROP benefits, plus interest and earnings, if any, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code.

3. *Partial lump sum.* A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the United States Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving beneficiary.

c. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the United States Internal Revenue Code and payments begin no later than the date on which the participant reaches age 70 years and six months.

(6) The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal process whatsoever, except for income deduction orders and federal income tax levies.

(7) DROP participants shall not be eligible for disability retirement benefits as provided in sections 82-100 or 82-101. In the event a DROP participant becomes incapacitated for employment by the town as defined under sections 82-100 or 82-101, the DROP participation will terminate, and the former DROP participant will elect one of the alternatives under subsection (d)(5)b of this section.

(8) The effective date of retirement of a DROP participant shall be the day selected by the member to begin participation in the DROP.

(e) *Death benefits under the DROP.*

(1) Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP as provided under subsection (d)(5)b of this section.

(2) The pension benefit paid to the DROP during the month of a DROP participant's death shall be the final pension benefit credited for such DROP participant.

(3) Eligibility to participate in the DROP terminates upon the death of a DROP participant. If the DROP participant dies on or after the effective date of enrollment in the DROP, but prior to

the first monthly benefit being credited to the DROP, retirement system benefits shall be paid in accordance with section 82-103.

(4) A DROP participant's survivor shall not be eligible for retirement system death benefits as provided in section 82-104.

(f) *Cost of living adjustment.* The DROP participants' normal pension benefit shall be increased as provided in section 82-63(b).

(g) *Renewed membership.* Participants of the DROP will not be permitted to be members of the town's retirement system. Contributions that normally would be made by the employee and the town will not be paid into the retirement system upon an individual's election to participate in the DROP.

(h) *Administration of the program.* The board of trustees shall make such rules as are necessary for the effective and efficient administration of this subsection. The board of trustees shall not be required to advise participants of the federal tax consequences of an election related to the DROP but may advise participants to seek independent advice.

(1) The DROP will be cost-neutral to the town. To maintain the cost-neutral basis to the town, the earnings (losses) and any reduction in the DROP participants' monthly pension benefits payable to the DROP will be reviewed by the board of trustees from time to time as other actuarial assumptions are reviewed. All costs of the DROP and any increase or decrease in the cost of administering the DROP will be absorbed by:

a. A change of the or establishment of a reduction of the DROP participants' monthly pension benefits payable to the DROP; and/or

b. An increase in the fees charged by the third-party administrator to the individual investment accounts;

As determined by the board of trustees with approval by the town council.

(2) Administrative expenses 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) Notwithstanding any other provision of this section 82-99 or the Code, a member who receives any DROP benefits for the portion of their pension benefits earned on or after May 1, 2012 shall be an at-will employee for the entire DROP period."

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Section 23. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-100, to read as follows:

"Sec. 82-100. Firefighters: Disability retirement.

(a) Upon the application of a member or the member's department head, a firefighter~~member~~ who becomes incapacitated for employment by the town by reason of a personal injury or disease may be retired by the board of trustees subject to the following conditions:

(1) The member has ten or more years of credited service in force or was employed by the town and not participating in the DROP on May 1, 2012;

(2) The member is medically examined by a duly-qualified physician or surgeon selected by the ~~relevant~~ board of trustees for that purpose;

(3) The physician or surgeon certifies to the ~~firefighter~~ board that the member is wholly prevented from rendering useful and efficient service as a firefighter, and he is likely to remain so disabled continuously and permanently; and

(4) The board of trustees concurs with the certification of the physician or surgeon.

(b) Upon disability retirement, a member shall be paid a pension computed according to section 82-95, provided that the disability pension benefit payable to a member of the benefit group firefighter shall not be less than 30 percent of the member's average final compensation at the time of disability, which minimum amount shall be applicable for at least five years if the member attains such age for retirement less than five years after disability benefits commence.

(c) A member shall not be entitled to receive disability pension benefits if the disability is a result of:

(1) Excessive or habitual use of drugs, intoxicants or narcotics by the member;

(2) Injury or disease sustained by the member while willfully and illegally participating in fights, riots or civil insurrections, or while committing a crime;

(3) Injury or disease sustained by the member while serving in any armed forces;

(4) Injury or disease sustained by the member after his employment has terminated."

Section 24. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-102, to read as follows:

"Sec. 82-102. Continuation subject to re-examination; return to employment; effect of gainful employment.

(a) The board of trustees may require a disability retirant to undergo periodic medical examination by or under the direction of a physician selected by the board of trustees if the disability retirant has not attained the age for retirement required in section 82-94. If a disability retirant refuses to submit to a medical examination, payment of the pension may be suspended by the board until withdrawal of the refusal. Should refusal continue for one year, all the disability retirant's rights in and to a disability pension may be revoked by the board. The terminated disability retirant may be restored to active employment credited service. A disability pension shall be discontinued if, following the medical examination, the physician certifies that the disability retirant is no longer disabled, and the board concurs in the certification of the physician. The town shall be allowed reasonable latitude in placing the terminated disability retirant in a position commensurate with the position held at time of disability retirement.

(b) A disability retirant who has been restored to employment credited service as provided in subsection (a) of this section shall again become a member of the retirement system if employed in a membership position. The disability retirant's credited service at time of retirement shall be restored to full force. Service shall be credited for the period the disability retirant was being paid a disability pension, if the provisions of section 82-101 were applicable; otherwise credited service shall not be given for the period of disability retirement.

(c) A terminated disability retirant who does not return to town employment and who had ten or more years of credited service at time of disability retirement shall become a vested former member and entitled to deferred retirement as provided in section 82-58.

(d) ~~Except to the extent prohibited by F.S. ch. 175, i~~If a disability retirant is or becomes engaged in gainful occupation, business or employment, paying more than the difference between the retirant's average final compensation and the amount of pension, the disability pension shall be reduced to the amount of the difference. Should the retirant's earnings later change, the disability pension shall be adjusted. The limitation of this subsection shall apply until the retirant meets an age and service requirement for retirement as provided in section 82-94."

Section 25. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-103, to read as follows:

"Sec. 82-103. Firefighters: Death after retirement; automatic survivor pension to minor children and/or surviving spouse.

(a) For members who retired or entered the DROP after September 30, 1995 and prior to May 1, 2012, members who terminated employment with 10 or more years of credited service prior to May 1, 2012, and members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:

(1) Surviving children.

a.~~(1)~~ The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:

1~~a~~. The retirant retired after September 30, 1995.

2~~b~~. A valid election of optional form of payment under section 82-105 is not in effect.

b.~~(2)~~ Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

c.~~(3)~~ The amount of each surviving child's pension is 25 percent of the retirant's pension at time of death, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.

(2~~b~~) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension and the aggregate amount paid to surviving children for the month.

(3~~c~~) *Ten year certain.* If a retirant dies within ten years of retirement, the total monthly payments due under subsection (a) and/or (b) above shall not be reduced from that which may have been due to the retirant until the tenth anniversary of the retirant's retirement date.

<u>(b) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:</u>

<u>*(1) Surviving children.*</u>

<u>a. The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:</u>

<u>1. The retirant was employed and not participating in the DROP on May 1, 2012 and retired thereafter.</u>

<u>2. A valid election of optional form of payment under section 82-105 is not in effect.</u>

<u>b. Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.</u>

<u>c. The amount of each surviving child's pension is 25 percent of the retirant's pension based on the retirant's frozen accrued benefit as of May 1, 2012, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.</u>

<u>(2) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension based on the retirant's frozen accrued benefit as of May 1, 2012, and the aggregate amount paid to surviving children for the month.</u>

<u>(3) *Ten year certain.* If a retirant dies within ten years of retirement, the total monthly payments due under subsection (a) and/or (b) above shall not be reduced from that which may have been due to the retirant until the tenth anniversary of the retirant's retirement date.</u>

<u>(c) Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect an optional form of benefit pursuant to section 82-96(c) for benefits based on credited service on and after May 1, 2012, but there shall be no automatic survivor pension for death after retirement based on such credited service on and after May 1, 2012.</u>"

<u>Section 26.</u> The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-104, to read as follows:

"Sec. 82-104. <u>Firefighters:</u> Death while an employee of the town; automatic survivor pension to minor children and/or spouse.

(a) *Surviving children.*

(1) The surviving children of a deceased member shall be paid a pension terminating upon the attainment of age 18 or death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town ~~after September 30, 1995~~; and

b. A valid election of optional form of payment under section 82-105 is not in effect.

(2) Payment of the pension shall be made for months beyond such a beneficiary age of 18 years, but not beyond the month in which the age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

(3) The amount of each surviving child's pension, which shall be paid to the legal guardian of each child, is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-95, based on the deceased member's average final compensation and credited service at time of death. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-95, based on the deceased member's average final compensation and credited service at time of death, where there are four or more surviving children being paid.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-95, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 25 percent of the amount of pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-95, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the amount of pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

c. For members hired on or after May 1, 2012, 25 percent of the amount of pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

~~Pension payments shall be made to the legal guardian of each child.~~

(b) *Surviving spouse.*

(1) The surviving spouse of a deceased member shall be paid a pension terminating upon death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town;

b. A valid election of optional form of payment under section 82-105 is not in effect; and

c. The member was married to the surviving spouse at the time of death.

(2) Payment of a surviving spouse's pension shall commence the first day of the month following the date the deceased member would have met an age and service condition for normal retirement in the absence of death.

(3) The amount of a surviving spouse's pension is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-95, based on the deceased member's average final compensation and credited service at time of death, and the aggregate amount paid to surviving children for the month.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-95, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the retirant's pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on and after of May 1, 2012, and the aggregate amount paid to surviving children for the month.

c. For members hired on or after May 1, 2012, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-95, based on the deceased member's accrued benefit for credited service on and after May 1, 2012, and the aggregate amount paid to surviving children for the month.

(c) *Ten year certain.* If survivors of a deceased member are due payments under subsection (a) and/or (b) above, they shall not be reduced until the tenth anniversary of the commencement of payments."

Section 27. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision III, Firefighters; Section 82-105, to read as follows:

"Sec. 82-105. Firefighters: Elective survivor pension.

(a) The elected surviving beneficiary of a deceased member shall be paid a pension terminating upon death if the following conditions are satisfied:

(1) The member has elected a survivor beneficiary.

(2) The member dies while in the employ of the town with at least ten years of credited service, or the member was employed by the Town and not participating in the DROP on May 1, 2012 and thereafter dies while in the employ of the town.

(b) The election of a survivor beneficiary shall be in writing and filed with the human resources department~~retirement system~~. The election of a survivor beneficiary shall be null and void upon the member's retirement or prior termination of town employment. A member may revoke a nomination of survivor beneficiary at any time and again elect a survivor beneficiary.

(c) The amount of a surviving dependent elected beneficiary's pension shall be:

(1) For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, a benefit computed according to section 82-95 as if the deceased member had elected optional form of payment A100 provided in section 82-96 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-94 conditions for retirement.

(2) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, a benefit computed according to section 82-95, based on the member's frozen accrued benefit as of May 1, 2012 plus the benefit based on the member's credited service on and after that date, as if the deceased member had elected optional form of payment A100 provided in section 82-96 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-94 conditions for retirement.

(3) For members hired on or after May 1, 2012, a benefit computed according to section 82-95 based on credited service on and after that date computed as if the deceased member had elected optional form of payment A100 provided in section 82-96 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-94 conditions for retirement."

Section 28. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers, by deleting Sections 82-110, 82-111, 82-112 and 82-113 in their entirety.

~~**Sec. 82-110. Police officer board of trustees.**~~

~~(a) The police officer board of trustees (the "police officer board" or the "board") shall consist of the following individuals:~~

~~(1) Two members covered by benefit group police officer, to be elected by members of that benefit group.~~

~~(2) Two legal residents of the town, to be appointed by the town council.~~

~~(3) The fifth member of the police officer board shall be chosen by a majority of the previous four members and such person's name shall be submitted to the town council which, as a ministerial duty, shall appoint such person to the police officer board as its fifth member.~~

~~(b) Elections of member trustees shall be held in accordance with rules adopted by the police officer board and with F.S. ch. 185.~~

~~(c) The police officer board shall meet at least bi-monthly, shall adopt its own rules of procedure and shall keep records of its proceedings. Three trustees shall constitute a quorum at any meeting of the board, and at least three concurring votes shall be necessary for a decision by the board. Each trustee shall be entitled to one vote on each question before the board. The trustees shall not receive any compensation but may receive expenses and per diem as provided by state law.~~

~~(d) The police officer board shall be a legal entity with, in addition to other powers and responsibilities contained herein and the powers and responsibilities set forth in F.S. ch. 185, the power to bring and defend lawsuits of every kind, nature and description, and to administer separate plans for the benefit of its members and retirants.~~

~~(e) If a claim for benefits is denied by the police officer board, the claimant shall be notified of the denial, in writing, within 30 days of the board's action. The notification shall set forth the reasons for denial. The claimant may appeal the denial and request a hearing before the board. The appeal shall be in writing to the town clerk and filed within 90 days of the board's denial. The request shall contain a written statement of the claimant's position regarding the claim. The board shall schedule a hearing within 60 days of receipt of the appeal.~~

~~Sec. 82-111. Term of office; oath of office; vacancy.~~

~~(a) The regular term of office of member-elected trustees of the police officer board and appointed trustees shall be two years and they may succeed themselves in office.~~

~~(b) Each trustee shall, before assuming the duties of trustee, qualify by taking an oath of office to be administered by the town clerk.~~

~~(c) A vacancy shall occur on the police officer board if:~~

~~(1) A member-elected trustee ceases to be a member of benefit group police officer;~~

~~(2) Any member-elected trustee or the fifth member of the police officer board fails to attend three consecutive meetings of the board unless in each case excused for cause by the trustees attending the meeting;~~

~~(3) Any town citizen or legal resident appointed by the town council fails to remain such; and~~

~~(4) Any trustee resigns or is removed from office.~~

~~(d) If a vacancy occurs on the police officer board, the vacancy shall be filled within 30 days, for the unexpired term, in the same manner as the position was previously filled.~~

~~Sec. 82-112. Officers, administrative services.~~

~~The officers and employed services of the police officer board shall be as follows:~~

~~(1) *Chair.* The police officer board shall annually elect a chair and a chair pro tem from its members.~~

~~(2) *Secretary.* The police officer board shall annually elect a secretary from among its members.~~

~~(3) *Finance director and treasurer.* The town finance director and treasurer shall be finance director and treasurer of the police officer board, unless the police officer board delegates such~~

~~authority to a plan administrator. The assets, other than operating accounts, shall be placed in the custody of a nationally chartered bank or trust company. The board may appoint a plan administrator to administer the operating accounts at the fund's expense.~~

~~(4) *Legal advisor.* The police officer board may employ legal counsel at the fund's expense.~~

~~(5) *Actuary.* The police officer board shall appoint and compensate an actuary who shall be the technical advisor to the board regarding the operation of the retirement system on an actuarial basis, and who shall perform such services as are required in that connection. The term "actuary" as used in this article shall mean a member of the American Academy of Actuaries, or a person who has demonstrated an educational background necessary for the practice of actuarial science and has at least five years of relevant pension actuarial experience. A partnership or corporation may be appointed actuary if the duties of actuary are performed by or under the direct supervision of an individual who meets the preceding qualifications.~~

~~(6) *Services.* The police officer board may employ such professional and other services as are required for the proper administration of the retirement system at the fund's expense.~~

~~(7) *Investment consultant.* The police officer board shall employ an investment consultant at the fund's expense.~~

~~**Sec. 82-113. Investment limitations.**~~

~~Upon consultation with its investment advisors and staff, the board may exceed the limitations on investments in common stock and capital stock specified in F.S. ch. 185.~~

Section 29. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-114, to read as follows:

"Sec. 82-114. Retirement age and service conditions for police officers.

(a) A police officer may retire upon satisfaction of each of the following requirements:

(1) The police officer has filed written application for retirement with the board setting forth the date, not less than 30 days nor more than 120 days subsequent to the execution and filing thereof, retirement is to be effective.

(2) Unless the police officer is an applicant for a DROP, the police officer terminates all town employment prior to the date retirement is to be effective.

(3) The police officer has met an applicable age and service condition for retirement.

(b) The age and service conditions for normal retirement are as follows:

1. Members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining ~~the police officer has attained~~ age 50 with ~~years or older and has~~ ten or more years of credited service; or when the ~~police officer's~~ member's age to last completed month plus credited service totals 65 years or more and the member~~individual~~ has ten or more years of credited service; or when the member~~police officer~~ has 20 or more years of credited service.

2. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining age 50, or when the member's age to last completed month plus credited service totals 65 years or more, or upon completion of 20 years of credited service regardless of age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and average final compensation on April 30, 2012. Such members shall be eligible to receive the accrued benefit based on credited service on and after May 1, 2012 upon attaining age 65 with ten or more years of credited service.

3. Members hired on or after May 1, 2012, shall be eligible for normal retirement upon attaining age 65 with ten or more years of credited service."

Section 30. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-115, to read as follows:

"Sec. 82-115. Amount of pension – police officers.

(a) The amount of a member's or a vested former member's pension under the standard form of payment shall be equal to the sum of separately determined amounts for which the police officer has credited service in force, and in no event shall the amount of a member's or a vested former member's pension under the standard form of payment be less than $1,200.00 per annum.

(b) The amount of pension attributable to a member who has credited service under another benefit group shall be the amount determined by calculating credited service in this benefit group plus the amount determined by calculating credited service in such other benefit group.

(c) The benefit formula for police officers is:

1. For pension payments payable after October 1, 2005 to police officers who were actively employed on and after October 1, 2005 and who retired, entered the DROP, or terminated employment with 10 or more years of credited service prior to May 1, 2012, and to police officers who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the benefit formula shall be~~such date,~~ average final compensation multiplied by the sum of 3.5 percent of credited service rendered to a maximum of 87.5 percent, plus two percent of average final compensation for credited service, if any, in excess of 43.75 years. The standard form of payment for such benefit shall be life and ten years certain (i.e., ~~Provided further that,~~ unless a retirant chooses an optional form of payment under section 82-96, payments for the benefit of a retirant who dies within ten years of retirement shall continue to the retirant’s designated beneficiary until the tenth anniversary of the retirant's retirement date.

2. For police officers who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the benefit formula shall be 3.5 percent of average final compensation on April 30, 2012 multiplied by credited service on that date. The accrued benefit of all such police officers shall be frozen on

May 1, 2012. The standard form of payment for the frozen accrued benefit shall be life and ten years certain.

3. For credited service on and after May 1, 2012, except as such service may be credited to members who qualify under Section 82-115 (c) 1 above, the benefit formula shall be 1.25 percent of average final compensation multiplied by years of credited service on and after that date. The standard form of payment for benefits based on credited service on and after May 1, 2012 shall be a straight life annuity, payable for the member's lifetime.

4. Police officers who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012 shall, upon retirement, be eligible to receive a retirement benefit consisting of two parts: (1) the frozen accrued benefit based on credited service and average final compensation prior to May 1, 2012, payable upon entry into the DROP or termination of employment and attaining eligibility for receipt of retirement benefits under the provisions of the system in effect on April 30 2012; and (2) the accrued benefit based on credited service on and after May 1, 2012, payable upon attaining age 65 with 10 or more years of credited service, and termination of employment or entry into the DROP."

Section 31. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-116, to read as follows:

"Sec. 82-116. Optional forms of payment of a pension for police officers.

(a) Police officers who terminated employment with 10 or more years of credited service prior to May 1, 2012, and police officers who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, ~~A member or a vested former member~~ may elect to be paid under one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death, the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death, 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL), the retirant is paid a pension for life. The (SL) payment amount is an increased amount based on the actuarial equivalent of the life with ten-year guarantee standard form of payment computed pursuant to section 82-115(c).

(4) Members may also elect to receive the following optional benefit forms:

a. *A75--75 percent survivor pension.* Under optional form of payment A75, a retirant is paid a reduced pension for life. Upon the retirant's death, 75 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

b. *A66-2/3--66 2/3 percent survivor pension.* Under optional form of payment A66-2/3, a retirant is paid a reduced pension for life. Upon the retirant's death, 66 2/3 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(b) Police officers who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012, may elect to receive the frozen accrued benefit based on credited service prior to May 1, 2012 under one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a

percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death, 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL) the retirant is paid a pension for life. The (SL) payment amount is an increased amount based on the actuarial equivalent of the life with ten-year guarantee standard form of payment computed pursuant to section 82-95(c).

(4) *A75--75 percent survivor pension.* Under optional form of payment A75, a retirant is paid a reduced pension for life. Upon the retirant's death, 75 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(5) *A66-2/3--66 2/3 percent survivor pension.* Under optional form of payment A66-2/3, a retirant is paid a reduced pension for life. Upon the retirant's death, 66 2/3 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary, or upon the tenth anniversary of the retirant's retirement date, if later. The amount of the reduced pension is based on the actuarial equivalent of the standard form of payment.

(c) A police officer may elect to receive the accrued benefit based on credited service on and after May 1, 2012 as follows: the member may elect to receive a reduced pension for life, and upon the retirant's death 100 percent, 75 percent, 66 and 2/3 percent or 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of the reduced pension payable to the retirant shall reflect an actuarial reduction in the standard form of payment based on the age of the member and the age of the beneficiary, such that the total value of the benefit payable to the retirant and beneficiary is actuarially equivalent to the standard form of payment to the retirant. The election of an optional form of payment under this subsection (b) shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made."

Section 32. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers by deleting Section 82-117 in its entirety.

~~**Sec. 82-117. Supplemental pension distributions.**~~

~~(a) The board of trustees may annually authorize supplemental pension distributions to eligible persons, the amount of which shall be determined as of each September 30, beginning September 30, 2001. The amount of the supplemental pension distribution of an eligible person made prior will be determined as follows:~~

~~(1) The amount shall be his or her prorata share, based upon the years of service of the retirant to the town, up to a maximum years of service credit of 25, of the positive amount of investment return, if any, earned during fiscal years ending September 30 on the reserve for retired benefit payment assets which exceed eight percent but do not exceed ten percent.~~

~~(2) The board shall determine whether there may be a supplemental pension distribution based on the following factors:~~

~~a. The actuary or plan administrator shall determine the rates of investment return during the fiscal year ending each September 30. The rates determined shall be the rate reported on the most recent actuarial reports submitted pursuant to F.S., ch. 112, pt. VII.~~

~~b. The actuary or plan administrator shall, as of September 30, determine the amount, if any, of investment return which, after expenses, exceeds eight percent of the reserve for retired benefit payment assets but does not exceed ten percent of such assets.~~

~~(3) If the investment return on these assets is less than eight percent, such amounts shall be carried forward to be charged against calculations of supplemental pension distributions during the next year and shall continue to carry forward until such carry forwards are offset by investment returns exceeding eight percent. If the net experiences are unfavorable, cumulatively, commencing with the experience for the year ended September 30, 2001, and thereafter, no supplemental distributions may be made until the net experiences are favorable, and the town must amortize the losses until it is offset by cumulative favorable experiences. If the next experience is favorable, cumulatively, commencing with the experience for the year ending September 30, 2001, after offset for all prior supplemental pension distributions, the supplemental pension distributions may be made to eligible persons of the benefit group.~~

~~If a supplemental pension distribution report or reports is or are not state accepted prior to distributions, and if a deficiency to the fund results, the deficiency shall be made up by withholding and charging such deficiency against the next available supplemental pension distribution, unless sooner made up by agreement between the board and the town. No such~~

~~deficiency shall be permitted to continue for a period greater than three years from the date of payment of a supplemental distribution which resulted in a deficiency.~~

~~(b) If the actuary or plan administrator determines that there may be a supplemental distribution, then the board of trustees shall authorize supplemental pension distributions unless the administrative expenses of distribution exceed the amount available for the distribution, in which event, no distribution may be authorized or made.~~

~~(c) "Eligible persons" are:~~

~~(1) Retirants;~~

~~(2) Surviving spouses;~~

~~(3) Surviving dependent children of retirants; and~~

~~(4) Retirants' estates.~~

~~(d) The supplemental pension distribution, if any, shall be made on or about May 1 annually. Eligible persons retired for less than one year are entitled to a prorata share of their supplemental pension distribution based on the number of months retired. A retirant's estate is entitled to a prorata share of the deceased retirant's supplemental pension distribution based on the number of months that the deceased retirant received a pension during the year ending the September 30 prior to the retirant's death.~~

~~(e) Supplemental pension distributions payable to eligible persons who are participants in the DROP at the time of payment shall be added to such eligible person's DROP account.~~

~~(f) Supplemental pension distributions to beneficiaries of deceased retirants shall have their supplemental pension distributions reduced in the same proportion as are their pension payments.~~

Section 33. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-119, to read as follows:

"Sec. 82-119. Deferred retirement option program for police officers.

(a) *Generally.* In general, and subject to the provisions of this section, the deferred retirement option program, hereinafter referred to as the DROP, is a program under which an eligible police officer~~member of the retirement system~~ may elect to retire, participate, and become a retirant of the retirement system, deferring receipt of retirement benefits while continuing employment credited service.

(1) *The system investment method.* For participants who entered the DROP prior to January 1, 2003, unless the self-directed investment method was chosen by the participant, the deferred monthly benefits of a DROP participant shall accrue in the retirement system on behalf of the DROP participant, plus interest, compounded monthly, for the specified period of DROP participation.

(2) *The self-directed investment method.* For participants entering the DROP after January 1, 2003, each DROP participant shall have an individual investment account to which his or her monthly benefits shall be transferred. The board shall select a third-party administrator or provider for this purpose. After such selection, each participant shall direct the manner in which

the amounts in his or her individual investment account shall be invested from an array of options selected by the board.

(3) During the period of DROP participation, neither the town nor the DROP participant is obligated to make additional contributions to the retirement system on behalf of the DROP participant. Upon termination of employment and participation in the DROP, the DROP participant shall receive his or her total DROP benefits and begin to receive his or her previously determined normal retirement benefits. Employment while participating in the DROP does not guarantee employment for any specified period. A DROP participant is a retirant of the retirement system.

(b) *Eligibility of member to participate in the DROP.* Retirement system members are eligible to elect participation in the DROP provided that they elect to retire and provided that:

(1) Election to participate may be made when the member first reaches normal retirement date or age as follows:

a. Members who were employed by the town and not participating in the DROP on May 1, 2012 shall be eligible to participate in the DROP upon attaining age 50; or the date on which the member's age to last completed month plus credited service totals 65 years or more; or 20 years of credited service regardless of age; and upon entry into the DROP the benefit payable to such member's DROP account shall be the frozen accrued benefit based on credited service prior to May 1, 2012. The accrued benefit based on credited service on and after May 1, 2012 shall be payable to the member's DROP account, or directly to the member if DROP participation has ceased, upon attaining age 65.~~, or for a member who first reached normal retirement date or age prior to the effective date of the ordinance from which this section is derived, election to participate may be made within 84 months of the effective date of the ordinance from which this section is derived; provided, however, a~~ Such member who fails to make an election within 84 months after the member has 20 years of credited service shall forfeit all rights to participate in the DROP.

b. Members hired on or after May 1, 2012 shall be eligible to participate in the DROP upon attaining age 65 with 10 or more years of service.

(2) There is no break in service to the town between the member's last working day as an employee and first day as a retirant and DROP participant.

(c) *Participation in the DROP.*

(1) The date on which participation in the DROP must terminate is within 120 months of the commencement of the election period provided in subsection (b)(1) of this section. Participation in the DROP may not exceed a maximum of 60 months. No DROP participant may continue to be eligible to participate in the DROP for more than 60 months or for any time after 120 months following the date on which the member first reaches normal retirement age or date, unless the member first reached normal retirement age or date prior to the effective date of the ordinance from which this section derives.

(2) *Submission of required information.* Upon electing to participate in the DROP, the member shall submit on forms required by the retirement system and/or the third-party administrator:

a. A written election to retire;

b. A written election to participate in the DROP;

c. An irrevocable resignation from service to the town and withdrawal from the DROP effective after no more than 60 months participation in the DROP;

d. A properly completed DROP application for service retirement as provided in this section; and

e. Any other information required by the retirement system or by the third-party administrator.

(3) *Re-employed retirants.* Re-employed retirants of the town's retirement system are not eligible to participate in DROP.

(d) *Compensation for work performed while participating in ~~Benefits payable under~~ the DROP.* Starting pay shall be at the base pay rate in effect on the employee's last working day of employment, prior to participation in the DROP. Job performance will be evaluated under the town's pay for performance system, and performance pay increases will be permitted as established by town policy. General pay increases shall also be awarded, as approved by the town council and the town manager. Performance pay increases and general pay increases awarded to DROP participants will be reflected in their salary but will not be reflected in pension payments made to DROP accounts or made after DROP participation.

(1) Effective with the date of DROP participation, the member's initial normal monthly pension benefit, calculated in accordance with section 82-115 and based on creditable service and average final compensation and the effective date of retirement, shall be fixed. Retirement system amendments which become effective after the establishment date of participation in the DROP will not be applicable to the DROP participant, unless so stated by the amendment. The monthly pension benefit (minus any reduction as determined by the board of trustees as provided by subsection (h) of this section), cost of living adjustments, interest and earnings thereon, if any, shall accrue monthly in the retirement system or the individual investment account as applicable. Interest under the system investment method only shall accrue at an effective annual rate to be determined hereunder as set forth in subsection (h) of this section, and will be compounded monthly, on the prior month's accumulated ending balance, up to the month of termination of the DROP or death.

(2) The monthly pension benefits payable to the DROP (minus any reduction as determined by the board of trustees as provided by subsection (h) of this section) and interest thereon, if any, shall continue to accrue in the DROP until the established termination date of the DROP, or until the DROP participant terminates employment or dies prior to such date. Although individual DROP accounts shall not be established under the system investment method described above in subsection (a)(1), a separate accounting of each DROP participant's accrued benefits under the DROP shall be calculated and provided to DROP participants annually.

(3) Employee benefits, other than benefits under the retirement system, which are normally granted to employees, will be provided to DROP participants. Such DROP participants are not members of the retirement system.

(4) At the conclusion of the participant's DROP, any credits made to a DROP participant's account will cease. Membership in the DROP will automatically terminate 60 months after the effective date of participation in the DROP, except as provided in subsection (c)(1) above. DROP participants may elect to discontinue membership in the DROP at any time, provided a two-week written notice of termination of employment has been submitted to the town, and notice has been submitted to the plan administrator and the third-party administrator.

(5) At the conclusion of the participant's DROP, participants in the self-directed investment method shall exercise such options as provided by the third-party administrator's plan; or for participants in the system investment method, the retirement system shall distribute the participant's total accumulated DROP benefits, subject to the following provisions:

a. The retirement system shall receive verification that such DROP participant has terminated membership in the DROP.

b. The terminated DROP participant, or if deceased, such DROP participant's named beneficiary, shall elect on forms provided by the retirement system to receive payment of the DROP benefits in accordance with one of the options listed below. For a DROP participant or beneficiary who fails to elect a method of payment at least 60 days prior to termination of the DROP, the retirement system will pay a lump sum as provided in subsection (d)(5)b.1. of this section.

1. *Lump sum.* All accrued DROP benefits, plus interest and earnings, if any, less withholding taxes remitted to the United States Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

2. *Direct rollover.* All accrued DROP benefits, plus interest and earnings, if any, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code.

3. *Partial lump sum.* A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the United States Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving beneficiary.

c. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the United States Internal Revenue Code and payments begin no later than the date on which the participant reaches age 70 years and six months.

(6) The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal process whatsoever, except for income deduction orders and federal income tax levies.

(7) DROP participants shall not be eligible for disability retirement benefits as provided in section 82-120 or section 82-121. In the event a DROP participant becomes incapacitated for employment by the town as defined under section 82-120 or section 82-121, the DROP participation will terminate, and the former DROP participant will elect one of the alternatives under subsection (d)(5)b of this section.

(8) The effective date of retirement of a DROP participant shall be the day selected by the member to begin participation in the DROP.

(e) *Death benefits under the DROP.*

(1) Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP as provided under subsection (d)(5)b of this section.

(2) The pension benefit paid to the DROP during the month of a DROP participant's death shall be the final pension benefit credited for such DROP participant.

(3) Eligibility to participate in the DROP terminates upon the death of a DROP participant. If the DROP participant dies on or after the effective date of enrollment in the DROP, but prior to the first monthly benefit being credited to the DROP, retirement system benefits shall be paid in accordance with section 82-123.

(4) A DROP participant's survivor shall not be eligible for retirement system death benefits as provided in section 82-124.

(f) *Cost of living adjustment.* The DROP participants' normal pension benefit shall be increased as provided in section 82-63(b).

(g) *Renewed membership.* Participants of the DROP will not be permitted to be members of the town's retirement system. Contributions that normally would be made by the employee and the town will not be paid into the retirement system upon an individual's election to participate in the DROP.

(h) *Administration of the program.* The board of trustees shall make such rules as are necessary for the effective and efficient administration of this subsection. The board of trustees shall not be required to advise participants of the federal tax consequences of an election related to the DROP but may advise participants to seek independent advice.

(1) The DROP will be cost-neutral to the town. To maintain the cost-neutral basis to the town, the credited interest rate and any reduction in the DROP participants' monthly pension benefits payable to the DROP will be reviewed by the board of trustees from time to time as other actuarial assumptions are reviewed. All costs of the DROP and any increase or decrease in the cost of administering the DROP will be absorbed by:

a. A change in the interest rate credited to participants in the system investment method;

b. A change of the or establishment of a reduction of the DROP participants' monthly pension benefits payable to the DROP; and/or

c. An increase in the fees charged by the third-party administrator to the individual investment accounts;

As determined by the board of trustees with approval by the town council.

(2) For those participants under the system investment method, interest on DROP participant's monthly pension benefits payable to the DROP shall accrue at an effective annual rate of 7.5 percent compounded monthly. Such interest rate shall be reviewed by the board of trustees from time to time as other actuarial assumptions are reviewed and may be redetermined by the board of trustees with approval by the town council.

(3) Notwithstanding any other provision of this section 82-119 or the Code, a member who receives any DROP benefits for the portion of their pension benefits earned on or after May 1, 2012 shall be an at-will employee for the entire DROP period."

Section 34. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-120, to read as follows:

"Sec. 82-120. Police Officers: Disability retirement.

(a) Upon the application of a member or the member's department head, a police officer~~member~~ who becomes incapacitated for employment by the town by reason of a personal injury or disease may be retired by the board of trustees subject to the following conditions:

(1) The member has ten or more years of credited service in force, or was employed by the town and not participating in the DROP on May 1, 2012;

(2) The member is medically examined by a duly-qualified physician or surgeon selected by the ~~relevant~~ board of trustees for that purpose;

(3) The physician or surgeon certifies to the ~~police officer~~ board that the member is wholly prevented from rendering useful and efficient service as a police officer, and he is likely to remain so disabled continuously and permanently; and

(4) The board of trustees concurs with the certification of the physician or surgeon.

(b) Upon disability retirement, a member shall be paid a pension computed according to section 82-115, provided that the disability pension benefit payable to a member of the benefit group police officer shall not be less than 30 percent of the member's average final compensation at the time of disability, which minimum amount shall be applicable for at least five years if the member attains such age for retirement less than five years after disability benefits commence.

(c) A member shall not be entitled to receive disability pension benefits if the disability is a result of:

(1) Excessive or habitual use of drugs, intoxicants or narcotics by the member;

(2) Injury or disease sustained by the member while willfully and illegally participating in fights, riots or civil insurrections, or while committing a crime;

(3) Injury or disease sustained by the member while serving in any armed forces;

(4) Injury or disease sustained by the member after his employment has terminated."

Section 35. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-122, to read as follows:

"Sec. 82-122. Continuation subject to re-examination; return to employment; effect of gainful employment.

(a) The board of trustees may require a disability retirant to undergo periodic medical examination by or under the direction of a physician selected by the board of trustees if the disability retirant has not attained the age for retirement required in section 82-114. If a disability retirant refuses to submit to a medical examination, payment of the pension may be suspended by the board until withdrawal of the refusal. Should refusal continue for one year, all the disability retirant's rights in and to a disability pension may be revoked by the board. The terminated disability retirant may be restored to active employment credited service. A disability pension shall be discontinued if, following the medical examination, the physician certifies that the disability retirant is no longer disabled, and the board concurs in the certification of the physician. The town shall be allowed reasonable latitude in placing the terminated disability retirant in a position commensurate with the position held at time of disability retirement.

(b) A disability retirant who has been restored to employment credited service as provided in subsection (a) of this section shall again become a member of the retirement system if employed in a membership position. The disability retirant's credited service at time of retirement shall be restored to full force. Service shall be credited for the period the disability retirant was being paid a disability pension, if the provisions of section 82-121 were applicable; otherwise credited service shall not be given for the period of disability retirement.

(c) A terminated disability retirant who does not return to town employment and who had ten or more years of credited service at time of disability retirement shall become a vested former member and entitled to deferred retirement as provided in section 82-58.

(d) ~~Except to the extent prohibited by F.S. ch. 185, i~~If a disability retirant is or becomes engaged in gainful occupation, business or employment, paying more than the difference between the retirant's average final compensation and the amount of pension, the disability pension shall be reduced to the amount of the difference. Should the retirant's earnings later change, the disability pension shall be adjusted. The limitation of this subsection shall apply until the retirant meets an age and service requirement for retirement as provided in section 82-114."

Section 36. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-123, to read as follows:

"Sec. 82-123. Police Officers: Death after retirement; automatic survivor pension to minor children and/or surviving spouse.

(a) For members who retired or entered the DROP after September 30, 1995 and prior to May 1, 2012, members who terminated employment with 10 or more years of credited service prior to May 1, 2012, and members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:

(1) *Surviving children.*

(a~~1~~) The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:

1~~a~~. The retirant retired after September 30, 1995.

2~~b~~. A valid election of optional form of payment under section 82-125 is not in effect.

(b~~2~~) Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

(c~~3~~) The amount of each surviving child's pension is 25 percent of the retirant's pension at time of death, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.

(2~~b~~) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension and the aggregate amount paid to surviving children for the month.

(3~~c~~) *Ten year certain.* If a retirant dies within ten years of retirement, the total monthly payments due under subsection (a) and/or (b) above shall not be reduced from that which may have been due to the retirant until the tenth anniversary of the retirant's retirement date.

(b) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:

(1) *Surviving children.*

a. The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:

1. The retirant was employed and not participating in the DROP on May 1, 2012 and retired thereafter.

2. A valid election of optional form of payment under section 82-105 is not in effect.

b. Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

c. The amount of each surviving child's pension is 25 percent of the retirant's pension based on the retirant's frozen accrued benefit as of May 1, 2012, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.

(2) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension based on the retirant's frozen

accrued benefit as of May 1, 2012, and the aggregate amount paid to surviving children for the month.

(3) *Ten year certain.* If a retirant dies within ten years of retirement, the total monthly payments due under subsection (a) and/or (b) above shall not be reduced from that which may have been due to the retirant until the tenth anniversary of the retirant's retirement date.

(c) Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect an optional form of benefit pursuant to section 82-96(c) for benefits based on credited service on and after May 1, 2012, but there shall be no automatic survivor pension for death after retirement based on such credited service on and after May 1, 2012."

Section 37. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-124, to read as follows:

"Sec. 82-124. Police Officers: Death while an employee of the town; automatic survivor pension to minor children and/or spouse

(a) *Surviving children.*

(1) The surviving children of a deceased member shall be paid a pension terminating upon the attainment of age 18 or death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town ~~after September 30, 1995~~; and

b. A valid election of optional form of payment under section 82-125 is not in effect.

(2) Payment of the pension shall be made for months beyond such a beneficiary age of 18 years, but not beyond the month in which the age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

(3) The amount of each surviving child's pension, which shall be paid to the legal guardian of each child, is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-115, based on the deceased member's average final compensation and credited service at time of death. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-115, based on the deceased member's average final compensation and credited service at time of death, where there are four or more surviving children being paid.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-115, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 25 percent of the amount of pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-115, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the amount of pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

c. For members hired on or after May 1, 2012, 25 percent of the amount of pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

~~Pension payments shall be made to the legal guardian of each child.~~

(b) *Surviving spouse.*

(1) The surviving spouse of a deceased member shall be paid a pension terminating upon death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town;

b. A valid election of optional form of payment under section 82-125 is not in effect; and

c. The member was married to the surviving spouse at the time of death.

(2) Payment of a surviving spouse's pension shall commence the first day of the month following the date the deceased member would have met an age and service condition for normal retirement in the absence of death.

(3) The amount of a surviving spouse's pension is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-115, based on the deceased member's average final compensation and credited service at time of death, and the aggregate amount paid to surviving children for the month.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-115, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the retirant's pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on and after of May 1, 2012, and the aggregate amount paid to surviving children for the month.

c. For members hired on or after May 1, 2012, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-115, based on the deceased member's accrued benefit for credited service on and after May 1, 2012, and the aggregate amount paid to surviving children for the month.

(c) *Ten year certain.* If survivors of a deceased member are due payments under subsection (a) and/or (b) above, they shall not be reduced until the tenth anniversary of the commencement of payments."

Section 38. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision IV, Police Officers; Section 82-125, to read as follows:

"Sec. 82-125. Police Officers: Elective survivor pension.

(a) The elected surviving beneficiary of a deceased member be paid a pension terminating upon death if the following conditions are satisfied:

(1) The member has elected a survivor beneficiary.

(2) The member dies while in the employ of the town with at least ten years of credited service, or the member was employed by the Town and not participating in the DROP on May 1, 2012 and thereafter dies while in the employ of the town.

(b) The election of a survivor beneficiary shall be in writing and filed with the human resources department~~retirement system~~. The election of a survivor beneficiary shall be null and void upon the member's retirement or prior termination of town employment. A member may revoke a nomination of survivor beneficiary at any time and again elect a survivor beneficiary.

(c) The amount of a surviving dependent elected beneficiary's pension shall be:

(1) For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, a benefit computed according to section 82-115 as if the deceased member had elected optional form of payment A100 provided in section 82-116 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-114 conditions for retirement.

(2) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, a benefit computed according to section 82-115, based on the member's frozen accrued benefit as of May 1, 2012 plus the benefit based on the member's credited service on and after that date, as if the deceased member had elected optional form of payment A100 provided in section 82-116 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-114 conditions for retirement.

(3) For members hired on or after May 1, 2012, a benefit computed according to section 82-115 based on credited service on and after that date computed as if the deceased member had elected optional form of payment A100 provided in section 82-116 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-114 conditions for retirement."

<u>Section 39.</u> The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards, by deleting Sections 82-130, 82-131 and 82-132 in their entirety.

~~Sec. 82-130. General employee board of trustees.~~

~~(a) The general employee board of trustees (the "general board" or the "board") shall consist of the following individuals:~~

~~(1) The individual who is serving as town manager or, in that individual's absence, the acting town manager.~~

~~(2) Two citizens of the town who are not officers or employees of the town, retirants or beneficiaries of the retirement system, to be appointed by the town council.~~

~~(3) A member covered by benefit group general and/or benefit group lifeguard who is not employed in the public works department, to be elected by the members of benefit groups qualified for such position.~~

~~(4) A member covered by benefit group general who is employed in the public works department, to be elected by the members of benefit groups qualified for such position.~~

~~(5) The individual serving as mayor and the individual serving as president of the town council shall, in that order, act as alternates in the event of absence of trustees.~~

~~(b) The general board shall meet at least quarterly, shall adopt its own rules of procedure and shall keep records of its proceedings. Three trustees shall constitute a quorum at any meeting of the board, and at least three concurring votes shall be necessary for a decision by the board. Each trustee shall be entitled to one vote on each question before the board. The trustees shall not receive any compensation but may receive expenses and per diem as provided by state law.~~

~~(c) The general board shall be a legal entity with, in addition to other powers and responsibilities contained herein, the power to bring and defend lawsuits of every kind, nature and description and to administer separate plans for the benefit of its members and retirants.~~

~~(d) If a claim for benefits is denied by the general board, the claimant shall be notified of the denial, in writing, within 30 days of the board's action. The notification shall set forth the reasons for denial. The claimant may appeal the denial and request a hearing before the board. The appeal shall be in writing to the town clerk and filed within 90 days of the board's denial. The request shall contain a written statement of the claimant's position regarding the claim. The board shall schedule a hearing within 60 days of receipt of the appeal.~~

~~Sec. 82-131. Term of office; oath of office; vacancy.~~

~~(a) The regular term of office of member elected trustees of the general board and appointed trustees shall be two years and they may succeed themselves in office.~~

~~(b) Each trustee shall, before assuming the duties of trustee, qualify by taking an oath of office to be administered by the town clerk.~~

~~(c) A vacancy shall occur on the general board if:~~

~~(1) A member-elected trustee ceases to be a member or ceases to be included in the appropriate benefit group;~~

~~(2) A trustee holding town office ceases to hold the office that qualified the individual as a trustee;~~

~~(3) Any town citizen or legal resident appointed by the town council fails to remain such; and~~

~~(4) Any trustee resigns or is removed from office.~~

~~(d) If a vacancy occurs on the general board, the vacancy shall be filled within 30 days, for the unexpired term, in the same manner as the position was previously filled.~~

~~**Sec. 82-132. Officers, administrative services.**~~

~~The officers and employed services of the general board shall be as follows:~~

~~(1) *Chair*. The general board shall annually elect a chair and a chair pro tem from its members.~~

~~(2) *Secretary*. The general board shall annually elect a secretary from among its members.~~

~~(3) *Finance director and treasurer*. The town finance director and treasurer shall be finance director and treasurer of the general board, except that the assets, other than operating accounts, shall be placed in the custody of a nationally chartered bank or trust company.~~

~~(4) *Legal advisor*. The town attorney shall be legal advisor to the general board.~~

~~(5) *Actuary*. The general board shall appoint an actuary who shall be the technical advisor to the board regarding the operation of the retirement system on an actuarial basis and who shall perform such services as are required in that connection. The term "actuary" as used in this article shall mean a member of the American Academy of Actuaries, or a person who has demonstrated an educational background necessary for the practice of actuarial science and has at least five years of relevant pension actuarial experience. A partnership or corporation may be appointed actuary if the duties of actuary are performed by or under the direct supervision of an individual who meets the preceding qualifications.~~

~~(6) *Services*. The general board is authorized and empowered to employ such professional and other services as are required for the proper administration of the retirement system at the fund's expense.~~

~~(7) *Plan administrator*. The personnel director shall be the plan administrator.~~

Section 40. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-134, to read as follows:

"Sec. 82-134. Retirement age and service conditions for benefit group general and benefit group lifeguard.

(a) An individual may retire upon satisfaction of each of the following requirements:

(1) The individual has filed written application for retirement with the board setting forth the date, not less than 30 days nor more than 120 days subsequent to the execution and filing thereof, retirement is to be effective.

(2) Unless the individual is an applicant for a DROP, the individual terminates all town employment prior to the date retirement is to be effective.

(3) The individual has met an applicable age and service condition for retirement.

(b) The age and service conditions for normal retirement are as follows:

(1) *Benefit group general.*

a. *Normal retirement.*

1. Members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining ~~the member has attained~~ age 55 ~~years or older and has~~ with ten or more years of credited service, or ~~has~~ 30 or more years of credited service without regard to age.

2. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining age 55, or 30 or more years of credited service without regard to age, and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and average final compensation on April 30, 2012. Such members shall be eligible to receive the accrued benefit based on credited service on and after May 1, 2012 upon attaining age 65 with ten or more years of credited service.

3. Members hired on or after May 1, 2012, shall be eligible for normal retirement upon attaining age 65 with ten or more years of credited service.

b. *Benefit group general 20-year early retirement option.* Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, may elect to retire, subject to the early retirement reduction specified in section 82-135(c)(1)c~~b~~, upon attaining ~~the member does not qualify for normal retirement, but has attained~~ age 50 or older with 20 or more years of credited service~~ and has elected early retirement~~.

c. *Benefit group general ten-year early retirement option.* Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, may elect to retire, subject to the early retirement reduction specified in section 82-135(c)(1)f~~e~~, upon attaining~~the member does not qualify for normal retirement, but has attained~~ age 50 or older with ten or more years of credited service~~ and has elected early retirement~~.

d. *Benefit group general age 60 early retirement option.* Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect to retire at age 60 subject to the early retirement reduction specified in section 82-135(c)(1)g.

(2) *Benefit group lifeguard.*

a. members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon attaining ~~the individual has attained~~ age 50 ~~years or older and has~~ with ten or more years of credited service; or when the member's ~~individual's~~ age to last completed month plus credited service totals 65 years or more and the member~~individual~~ has ten or more years of credited service.

b. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible for normal retirement upon termination of town employment and attaining age 50, or when the member's age to last completed month plus credited service totals 65 years or more; and upon such retirement shall be eligible to receive the frozen accrued benefit based on credited service and average final compensation on April 30, 2012. Such members shall be eligible to receive the accrued benefit based on credited service on and after May 1, 2012 upon attaining age 65 with ten or more years of credited service.

c. *Benefit group lifeguard age 60 early retirement option.* Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect to retire at age 60 subject to the early retirement reduction specified in section 82-135(c)(1)g.

d. Members hired on or after May 1, 2012, shall be eligible for normal retirement upon attaining age 65 with ten or more years of credited service."

Section 41. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-135, to read as follows:

"Sec. 82-135. Amount of pension for benefit group general and benefit group lifeguard.

(a) The amount of a member's or a vested former member's pension under the standard form of payment shall be equal to the sum of separately determined amounts for which the individual has credited service in force, and in no event shall the amount of a member's or a vested former member's pension under the standard form of payment be less than $1,200.00 per annum.

(b) The amount of pension attributable to a member who has credited service under another benefit group shall be the amount determined by calculating credited service in this benefit group plus the amount determined by calculating credited service in such other benefit group.

(c) The benefit formulas are:

(1) *For benefit group general.*

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date: average final compensation multiplied by the sum of 2.75 percent of credited service rendered after September 30, 1990, to a maximum of 82.5 percent, plus 2.35 percent of credited service rendered prior to

October 1, 1990, plus 1.0 percent of credited service, if any, in excess of 30 years, provided that years of credited service under the first two clauses of this subsection shall not exceed 30 and provided further that the second clause shall apply only to the extent that years of credited service under the first clause are less than 30.

b. Effective May 1, 2012, the accrued benefits of all members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be frozen. The value of each member's frozen accrued benefit shall be calculated in accordance with subparagraph a., above, based on credited service and average final compensation on April 30, 2012.

c. For credited service on and after May 1, 2012, except as such service may be credited to members who qualify under section 82-135 (c) (1) a above, the benefit formula shall be 1.25% of average final compensation multiplied by years of credited service.

d. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall, upon retirement, be eligible to receive a retirement benefit consisting of two parts: (1) the frozen accrued benefit based on credited service and average final compensation on April 30, 2012, payable upon attaining age 55 or completion of 30 years of credited service regardless of age, and termination of town employment or entry into the DROP; and (2) the accrued benefit based on credited service on and after May 1, 2012, payable upon attaining age 65 with 10 or more years of credited service, and termination of town employment or entry into the DROP.

e. For benefits based on credited service prior to May 1, 2012, an early retirement reduction of 0.003 percent shall apply for each month that early retirement under section 82-134(b)(1)b precedes a date the member would have met age and service conditions for normal retirement under section 82-134(b)(1)a, if the member had not elected early retirement.

f. For benefits based on credited service prior to May 1, 2012, an early retirement reduction of 0.006 percent shall apply for each month that early retirement under section 82-134(b)(1)c precedes a date the member would have met age and service conditions for normal retirement under section 82-134(b)(1)a, if the member had not elected early retirement.

g. An early retirement reduction equal to the full actuarial cost of each month that early retirement under section 82-134(b)(1)d precedes a date the member would have met the applicable age and service conditions for normal retirement under section 82-134(b)(1)a, if the member had not elected early retirement.

(2) *For benefit group lifeguard.*

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date: average final compensation multiplied by the sum of 2.85 percent of credited service to a maximum of 71.25 percent, plus 1.0 percent of credited service, if any, in excess of 25 years for benefit group lifeguard.

b. Effective May 1, 2012, the accrued benefits of all members who did not attain normal retirement eligibility based on credited service as of that date, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be frozen. The value of each member's frozen accrued benefit shall be calculated in accordance with subparagraph a., above, based on credited service and average final compensation on April 30, 2012.

c. For credited service on and after May 1, 2012, the benefit formula shall be 1.25% of average final compensation multiplied by years of credited service.

d. Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, shall be eligible to receive a retirement benefit consisting of two parts: (1) the frozen accrued benefit based on credited service and average final compensation on April 30, 2012, payable upon attaining age 50 or the date on which the member's age to last completed month plus credited service totals 65 years or more, and termination of town employment or entry into the DROP; and (2) the accrued benefit based on credited service on and after May 1, 2012, payable upon attaining age 65 with 10 or more years of credited service, and termination of town employment or entry into the DROP.

e. *Benefit group lifeguard age 60 early retirement option.* Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect to retire at age 60 and receive a benefit based on credited service on and after May 1, 2012, subject to an early retirement reduction equal to the full actuarial cost of each month that early retirement precedes the date the member would have met the applicable age and service conditions for normal retirement under section 82-134(b)(2)d. if the member had not elected early retirement."

Section 42. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-136, to read as follows:

"Sec. 82-136. Optional forms of payment of a pension for benefit group general and benefit group lifeguard.

(a) Members of benefit group general and benefit group lifeguard who terminated employment with 10 or more years of credited service prior to May 1, 2012, and members of those groups who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, may, prior to retirement, elect ~~A member or a vested former member may elect to be paid under~~ one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death the reduced

pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL) the retirant is paid a pension for life. The (SL) payment amount is the standard form of payment amount computed pursuant to section 82-135(c).

(b) Members of benefit group general and benefit group lifeguard who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on May 1, 2012, may elect to receive the frozen accrued benefit based on credited service prior to May 1, 2012 under one of the following optional forms of payment. The election shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made.

(1) *Optional form of payment A100--100 percent survivor pension.* Under optional form of payment A100, a retirant is paid a reduced pension for life. Upon the retirant's death the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment (SL). The percentage is 80 percent if the retirant and designated beneficiary are the same age on their last birthdays. The 80 percent is reduced by 0.5 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 60 percent for differences in age of 40 or more years. The 80 percent is increased by 0.5 percent for each year the age of the designated beneficiary

exceeds the age of the retired member, to a maximum of 90 percent for differences in age of 20 or more years.

(2) *Optional form of payment A50--50 percent survivor pension.* Under optional form of payment A50, a retirant is paid a reduced pension for life. Upon the retirant's death 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of reduced pension is a percentage of the amount of pension under the standard form of payment. The latter percentage is 90 percent if the retirant and designated beneficiary are the same age at their last birthdays. The 90 percent is reduced by 0.25 percent for each year the age of the retirant exceeds the age of the designated beneficiary, to a minimum of 80 percent for differences in age of 40 or more years. The 90 percent is increased by 0.25 percent for each year the age of the designated beneficiary exceeds the age of the retired member, to a maximum of 95 percent for differences in age of 20 or more years.

(3) *Form of payment (SL)--Straight life pension.* Under form of payment (SL) the retirant is paid a pension for life. The (SL) payment amount is the standard form of payment amount computed pursuant to section 82-135(c).

(c) Members of benefit group general and benefit group lifeguard may elect to receive the accrued benefit based on credited service on and after May 1, 2012 as follows: the member may elect to receive a reduced pension for life, and upon the retirant's death 100 percent, 75 percent, 66 and 2/3 percent or 50 percent of the reduced pension is paid to the beneficiary, if living, designated in writing and filed with the board at the time of election of the optional form of payment. Payment to the designated beneficiary shall terminate upon the death of the designated beneficiary. The amount of the reduced pension payable to the retirant shall reflect an actuarial reduction in the standard form of payment based on the age of the member and the age of the beneficiary, such that the total value of the benefit payable to the retirant and beneficiary is actuarially equivalent to the standard form of payment to the retirant. The election of an optional form of payment under this subsection (b) shall be in writing and filed with the board prior to the date retirement is effective. Payment will be made under the standard form of payment if a timely election of an optional form of payment is not made."

Section 43. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards, by deleting Section 82-137 in its entirety.

~~**Sec. 82-137. Supplemental pension distributions.**~~

~~(a) The board of trustees may annually authorize supplemental pension distributions to eligible persons, the amount of which shall be determined as of each September 30, beginning September 30, 2001. The amount of the supplemental pension distribution of an eligible person will be determined as follows:~~

~~(1) The amount shall be his or her prorata share, based upon the years of service of the retirant to the town, up to a maximum years of service credit of 25, of the positive amount of investment return, if any, earned during fiscal years ending September 30 on the reserve for retired benefit payment assets which exceed eight percent but do not exceed ten percent.~~

~~(2) The board shall determine whether there may be a supplemental pension distribution based on the following factors:~~

~~a. The actuary or plan administrator shall determine the rates of investment return during the fiscal year ending each September 30. The rates determined shall be the rate reported on the most recent actuarial reports submitted pursuant to F.S., ch. 112, pt. VII.~~

~~b. The actuary or plan administrator shall, as of September 30, determine the amount, if any, of investment return which, after expenses, exceeds eight percent of the reserve for retired benefit payment assets but does not exceed ten percent of such assets.~~

~~(3) If the investment return on these assets is less than eight percent, such amounts shall be carried forward to be charged against calculations of supplemental pension distributions during the next year and shall continue to carry forward until such carry forwards are offset by investment returns exceeding eight percent. If the net experiences are unfavorable, cumulatively, commencing with the experience for the year ended September 30, 2001, and thereafter, no supplemental distributions may be made until the net experiences are favorable, and the town must amortize the losses until it is offset by cumulative favorable experiences. If the next experience is favorable, cumulatively, commencing with the experience for the year ending September 30, 2001, after offset for all prior supplemental pension distributions, the supplemental pension distributions may be made to eligible persons of the benefit group.~~

~~If a supplemental pension distribution report or reports is or are not state accepted prior to distributions, and if a deficiency to the fund results, the deficiency shall be made up by withholding and charging such deficiency against the next available supplemental pension distribution, unless sooner made up by agreement between the board and the town. No such deficiency shall be permitted to continue for a period greater than three years from the date of payment of a supplemental distribution which resulted in a deficiency.~~

~~(b) If the actuary or plan administrator determines that there may be a supplemental distribution, then the board of trustees shall authorize supplemental pension distributions unless the administrative expenses of distribution exceed the amount available for the distribution, in which event, no distribution may be authorized or made.~~

~~(c) "Eligible persons" are:~~

~~(1) Retirants;~~

~~(2) Surviving spouses;~~

~~(3) Surviving dependent children of retirants; and~~

~~(4) Retirants' estates.~~

~~(d) The supplemental pension distribution, if any, shall be made on or about May 1 annually. Eligible persons retired for less than one year are entitled to a prorata share of their supplemental pension distribution based on the number of months retired. A retirant's estate is entitled to a prorata share of the deceased retirant's supplemental pension distribution based on the number of months that the deceased retirant received a pension during the year ending the September 30 prior to the retirant's death.~~

~~(e) Supplemental pension distributions payable to eligible persons who are participants in the DROP at the time of payment shall be added to such eligible person's DROP account.~~

~~(f) Supplemental pension distributions to beneficiaries of deceased retirants shall have their supplemental pension distributions reduced in the same proportion as are their pension payments.~~

Section 44. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-139, to read as follows:

"Sec. 82-139. Deferred retirement option program for members of benefit group general and benefit group lifeguard.

(a) *Generally.* In general, and subject to the provisions of this section, the deferred retirement option program, hereinafter referred to as the DROP, is a program under which an eligible member of benefit group general and benefit group lifeguard ~~the retirement system~~ may elect to retire, participate, and become a retirant of the retirement system, deferring receipt of retirement benefits while continuing employment credited service.

(1) *The system investment method.* For participants who entered the DROP prior to January 1, 2003, unless the self-directed investment method was chosen by the participant, the deferred monthly benefits of a DROP participant shall accrue in the retirement system on behalf of the DROP participant, plus interest, compounded monthly, for the specified period of DROP participation.

(2) *The self-directed investment method.* For participants entering the DROP after January 1, 2003, each DROP participant shall have an individual investment account to which his or her monthly benefits shall be transferred. The board shall select a third-party administrator or provider for this purpose. After such selection, each participant shall direct the manner in which the amounts in his or her individual investment account shall be invested from an array of options selected by the board.

(3) During the period of DROP participation, neither the town nor the DROP participant is obligated to make additional contributions to the retirement system on behalf of the DROP participant. Upon termination of employment and participation in the DROP, the DROP participant shall receive his or her total DROP benefits and begin to receive his or her previously determined normal retirement benefits. Employment while participating in the DROP does not guarantee employment for any specified period. A DROP participant is a retirant of the retirement system.

(b) *Eligibility of member to participate in the DROP.* Retirement system members are eligible to elect participation in the DROP provided that they elect to retire and provided that:

(1) Election to participate may be within 84 months following the date on which the member first reaches normal retirement date or age as follows:.

a. Members of benefit group general who were employed by the town and not participating in the DROP on May 1, 2012 shall be eligible to participate in the DROP upon attaining age 55 or upon completion of 30 years of credited service regardless of age. ~~, or for a member who first reached normal retirement date or age prior to the effective date of the ordinance from which this section is derived, election to participate may be made within 84 months of the effective date of~~

~~the ordinance from which this section is derived. A~~ Such member who fails to make an election within such 84-month election period shall forfeit all rights to participate in the DROP.

b. Members of benefit group lifeguard who were employed by the town and not participating in the DROP on May 1, 2012 shall be eligible to participate in the DROP upon attaining age 50 or the date on which the member's age to last completed month plus credited service totals 65 years or more. The benefit payable to such member shall be the frozen accrued benefit based on credited service prior to May 1, 2012. The accrued benefit based on credited service on and after May 1, 2012 shall be payable to such member's DROP account, or directly to the member if DROP participation has ceased, upon attaining age 65. Such member who fails to make an election within such 84-month election period shall forfeit all rights to participate in the DROP.

c. Members of benefit group general and benefit group lifeguard hired on or after May 1, 2012 shall be eligible to participate in the DROP upon attaining age 65 with 10 or more years of service.

(2) The member is not utilizing an early retirement option.

(3) There is no break in service to the town between the member's last working day as an employee and first day as a retirant and DROP participant.

(c) *Participation in the DROP.*

(1) The date on which participation in the DROP must terminate is within 120 months of the commencement of the election period provided in subsection (b)(1) of this section. Participation in the DROP may not exceed a maximum of 60 months. No DROP participant may continue to be eligible to participate in the DROP for more than 60 months or for any time after 120 months following the date on which the member first reaches normal retirement age or date, unless the member first reached normal retirement age or date prior to the effective date of the ordinance from which this section derives.

(2) *Submission of required information.* Upon electing to participate in the DROP, the member shall submit on forms required by the retirement system and/or the third-party administrator:

a. A written election to retire;

b. A written election to participate in the DROP;

c. An irrevocable resignation from service to the town and withdrawal from the DROP effective after no more than 60 months participation in the DROP;

d. A properly completed DROP application for service retirement as provided in this section; and

e. Any other information required by the retirement system or by the third-party administrator.

(3) *Re-employed retirants.* Re-employed retirants of the town's retirement system are not eligible to participate in DROP.

(d) *Compensation for work performed while participating in* ~~*Benefits payable under*~~ *the DROP.* Starting pay shall be at the base pay rate in effect on the employee's last working day of employment, prior to participation in the DROP. Job performance will be evaluated under the town's pay for performance system, and performance pay increases will be permitted as established by town policy. General pay increases shall also be awarded, as approved by the town council and the town manager. Performance pay increases and general pay increases awarded to DROP participants will be reflected in their salary but will not be reflected in pension payments made to DROP accounts or made after DROP participation.

(1) Effective with the date of DROP participation, the member's initial normal monthly pension benefit, calculated in accordance with section 82-135 and based on creditable service and average final compensation and the effective date of retirement, shall be fixed. Retirement system amendments which become effective after the establishment date of participation in the DROP will not be applicable to the DROP participant, unless so stated by the amendment. The monthly pension benefit (minus any reduction as determined by the board of trustees as provided by subsection (h) of this section), cost of living adjustments, interest and earnings thereon, if any, shall accrue monthly in the retirement system or the individual investment account as applicable. Interest under the system investment method only shall accrue at an effective annual rate to be determined hereunder as set forth in subsection (h) of this section, and will be compounded monthly, on the prior month's accumulated ending balance, up to the month of termination of the DROP or death. Provided, however the monthly pension benefit payable to members of benefit group general or benefit group lifeguard who elect to become DROP participants shall be reduced by two percent to fund the probability of increased cost to the retirement system of members of such employment group electing to participate in DROP, which reduced amount shall thereafter be such participants' normal retirement or pension benefits. This reduction will be reviewed by the board of trustees from time to time as other actuarial assumptions are reviewed and may be modified by the town council.

(2) The monthly pension benefits payable to the DROP (minus any reduction as determined by the board of trustees as provided by subsection (h) of this section) and interest thereon, if any, shall continue to accrue in the DROP until the established termination date of the DROP, or until the DROP participant terminates employment or dies prior to such date. Although individual DROP accounts shall not be established under the system investment method described above in subsection (a)(1), a separate accounting of each DROP participant's accrued benefits under the DROP shall be calculated and provided to DROP participants annually.

(3) Employee benefits, other than benefits under the retirement system, which are normally granted to employees, will be provided to DROP participants. Such DROP participants are not members of the retirement system.

(4) At the conclusion of the participant's DROP, any credits made to a DROP participant's account will cease. Membership in the DROP will automatically terminate 60 months after the effective date of participation in the DROP, except as provided in subsection (c)(1)a above. DROP participants may elect to discontinue membership in the DROP at any time, provided a two-week written notice of termination has been submitted to the plan administrator and the third-party administrator.

(5) At the conclusion of the participant's DROP, participants in the Self-Directed Investment Method shall exercise such options as provided by the third-party administrator's plan; or for participants in the system investment method, the retirement system shall distribute the participant's total accumulated DROP benefits, subject to the following provisions:

a. The retirement system shall receive verification that such DROP participant has terminated membership in the DROP.

b. The terminated DROP participant, or if deceased, such DROP participant's named beneficiary, shall elect on forms provided by the retirement system to receive payment of the DROP benefits in accordance with one of the options listed below. For a DROP participant or beneficiary who fails to elect a method of payment within 60 days of termination of the DROP, the retirement system will pay a lump sum as provided in subsection (d)(5)b.1. of this section.

1. *Lump sum.* All accrued DROP benefits, plus interest and earnings, if any, less withholding taxes remitted to the United States Internal Revenue Service, shall be paid to the DROP participant or surviving beneficiary.

2. *Direct rollover.* All accrued DROP benefits, plus interest and earnings, if any, shall be paid from the DROP directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code.

3. *Partial lump sum.* A portion of the accrued DROP benefits shall be paid to the DROP participant or surviving spouse, less withholding taxes remitted to the United States Internal Revenue Service, and the remaining DROP benefits shall be transferred directly to the custodian of an eligible retirement plan as defined in section 402(c)(8)(B) of the United States Internal Revenue Code. However, in the case of an eligible rollover distribution to the surviving spouse of a deceased DROP participant, an eligible retirement plan is an individual retirement account or an individual retirement annuity as described in section 402(c)(9) of the United States Internal Revenue Code. The proportions shall be specified by the DROP participant or surviving beneficiary.

c. The form of payment selected by the DROP participant or surviving beneficiary complies with the minimum distribution requirements of the United States Internal Revenue Code and payments begin no later than the date on which the participant reaches age 70 years and six months.

(6) The accrued benefits of any DROP participant, and any contributions accumulated under such program, shall not be subject to assignment, execution, attachment, or to any legal process whatsoever, except for income deduction orders and federal income tax levies.

(7) DROP participants shall not be eligible for disability retirement benefits as provided in section 82-140 or 82-141. In the event a DROP participant becomes incapacitated for employment by the town as defined under section 82-140 or 82-141, the DROP participation will terminate, and the former DROP participant will elect one of the alternatives under subsection (d)(5)b of this section.

(8) The effective date of retirement of a DROP participant shall be the day selected by the member to begin participation in the DROP.

(e) *Death benefits under the DROP.*

(1) Upon the death of a DROP participant, the named beneficiary shall be entitled to apply for and receive the accrued benefits in the DROP as provided under subsection (d)(5)b of this section.

(2) The normal pension benefit accrued to the DROP during the month of a DROP participant's death shall be the final monthly pension benefit credited for such DROP participant.

(3) Eligibility to participate in the DROP terminates upon the death of a DROP participant. If the DROP participant dies on or after the effective date of enrollment in the DROP, but prior to the first monthly benefit being credited to the DROP, retirement system benefits shall be paid in accordance with section 82-143.

(4) A DROP participant's survivor shall not be eligible for retirement system death benefits as provided in section 82-144.

(f) *Cost of living adjustment.* The DROP participants' normal pension benefit shall be increased as provided in section 82-63(b).

(g) *Renewed membership.* Participants of the DROP will not be permitted to be members of the town's retirement system. Contributions that normally would be made by the employee and the town will not be paid into the retirement system upon an individual's election to participate in the DROP.

(h) *Administration of the program.* The board of trustees shall make such rules as are necessary for the effective and efficient administration of this subsection. The board of trustees shall not be required to advise participants of the federal tax consequences of an election related to the DROP but may advise participants to seek independent advice.

(1) The DROP will be cost-neutral to the town. To maintain the cost-neutral basis to the town, the credited interest rate and any reduction in the DROP participants' monthly pension benefits payable to the DROP will be reviewed by the board of trustees from time to time as other actuarial assumptions are reviewed. All costs of the DROP and any increase or decrease in the cost of administering the DROP will be absorbed by:

a. A change in the interest rate credited to participants in the system investment method;

b. A change of the or establishment of a reduction of the DROP participants' monthly pension benefits payable to the DROP; and/or

c. An increase in the fees charged by the third-party administrator to the individual investment accounts;

As determined by the board of trustees with approval by the town council.

(2) For those participants under the system investment method, interest on DROP participant's monthly pension benefits payable to the DROP shall accrue at an effective annual rate of 7.5 percent compounded monthly. Such interest rate shall be reviewed by the board of

trustees from time to time as other actuarial assumptions are reviewed and may be redetermined by the board of trustees with approval by the town council.

(3) Notwithstanding any other provision of this section 82-139 or the Code, a member who receives any DROP benefits for the portion of their pension benefits earned on or after May 1, 2012 shall be an at-will employee for the entire DROP period."

Section 45. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-140, to read as follows:

"Sec. 82-140. Benefit Group General and Benefit Group Lifeguard: Disability retirement.

(a) Upon the application of a member or the member's department head, a member of benefit group general and benefit group lifeguard who becomes incapacitated for employment by the town by reason of a personal injury or disease may be retired by the board of trustees subject to the following conditions:

(1) The member has ten or more years of credited service in force, or was employed by the town and not participating in the DROP on May 1, 2012;

(2) The member is medically examined by a duly-qualified physician or surgeon selected by the relevant board of trustees for that purpose;

(3) The physician or surgeon certifies to the ~~general employee~~ board that the member is mentally or physically totally incapacitated for continued employment by the town, that such incapacity is likely to be permanent, and that the member should be retired; and

(4) The board of trustees concurs with the certification of the physician or surgeon.

(b) Upon disability retirement, a member shall be paid a pension computed according to section 82-135.

(c) A member shall not be entitled to receive disability pension benefits if the disability is a result of:

(1) Excessive or habitual use of drugs, intoxicants or narcotics by the member;

(2) Injury or disease sustained by the member while willfully and illegally participating in fights, riots or civil insurrections, or while committing a crime;

(3) Injury or disease sustained by the member while serving in any armed forces; or

(4) Injury or disease sustained by the member after his employment has terminated."

Section 46. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-143, to read as follows:

"Sec. 82-143. Benefit Group General and Benefit Group Lifeguard: Death after retirement; automatic survivor pension to minor children and/or surviving spouse.

For members who retired or entered the DROP after September 30, 1995 and prior to May 1, 2012, members who terminated employment with 10 or more years of credited service prior to May 1, 2012, and members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:

(1) *Surviving children.*

(a~~1~~) The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:

1~~a~~. The retirant retired after September 30, 1995.

2~~b~~. A valid election of optional form of payment under section 82-145 is not in effect.

(b~~2~~) Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

(c~~3~~) The amount of each surviving child's pension is 25 percent of the retirant's pension at time of death, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.

(2~~b~~) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension and the aggregate amount paid to surviving children for the month.

(b) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, who were employed by the town and not participating in the DROP on that date, death benefits after retirement shall be payable as follows:

(1) Surviving children.

a. The surviving children of a deceased retirant shall be paid a pension terminating upon the attainment of age 18 or death, if the following conditions are satisfied:

1. The retirant was employed and not participating in the DROP on May 1, 2012 and retired thereafter.

2. A valid election of optional form of payment under section 82-105 is not in effect.

b. Payment of the pension shall be made for months beyond age 18 years, but not beyond the month in which age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

c. The amount of each surviving child's pension is 25 percent of the retirant's pension based on the retirant's frozen accrued benefit as of May 1, 2012, not to exceed an equal share of 75 percent of the retirant's pension when there are four or more surviving children being paid. Pension payments shall be made to the legal guardian of each child.

(2) *Surviving spouse.* The surviving spouse of a deceased retirant shall be paid a pension terminating upon death. The amount of a surviving spouse's pension for a month is the difference, if any, between 75 percent of the retirant's pension based on the retirant's frozen

accrued benefit as of May 1, 2012, and the aggregate amount paid to surviving children for the month.

(3) *Ten year certain.* If a retirant dies within ten years of retirement, the total monthly payments due under subsection (a) and/or (b) above shall not be reduced from that which may have been due to the retirant until the tenth anniversary of the retirant's retirement date.

(c) Members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, and members hired on or after May 1, 2012, may elect an optional form of benefit pursuant to section 82-96(c) for benefits based on credited service on and after May 1, 2012, but there shall be no automatic survivor pension for death after retirement based on such credited service on and after May 1, 2012."

Section 47. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-144, to read as follows:

"Sec. 82-144. Benefit Group General and Benefit Group Lifeguard; Death while an employee of the town; automatic survivor pension to minor children and/or spouse.

(a) *Surviving children.*

(1) The surviving children of a deceased member shall be paid a pension terminating upon the attainment of age 18 or death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town ~~after September 30, 1995~~; and

b. A valid election of optional form of payment under section 82-145 is not in effect.

(2) Payment of the pension shall be made for months beyond such a beneficiary age of 18 years, but not beyond the month in which the age 25 is attained, if a pension payment would not otherwise be made for the month under the provisions of subsection (b) of this section.

(3) The amount of each surviving child's pension, which shall be paid to the legal guardian of each child, is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-135, based on the deceased member's average final compensation and credited service at time of death. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-135, based on the deceased member's average final compensation and credited service at time of death, where there are four or more surviving children being paid.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, 25 percent of the amount of pension computed according to section 82-135, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 25 percent of the amount of pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-135, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the amount of pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

c. For members hired on or after May 1, 2012, 25 percent of the amount of pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on or after May 1, 2012. A child's pension shall not exceed an equal share of 75 percent of the amount of pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on or after May 1, 2012, where there are four or more surviving children being paid.

~~Pension payments shall be made to the legal guardian of each child.~~

(b) *Surviving spouse.*

(1) The surviving spouse of a deceased member shall be paid a pension terminating upon death if the following conditions are satisfied:

a. The member has ten or more years of credited service, or was employed by the Town and not participating in the DROP on May 1, 2012, and dies while in the employ of the town;

b. A valid election of optional form of payment under section 82-145 is not in effect; and

c. The member was married to the surviving spouse at the time of death.

(2) Payment of a surviving spouse's pension shall commence the first day of the month following the date the deceased member would have met an age and service condition for normal retirement in the absence of death.

(3) The amount of a surviving spouse's pension is:

a. For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-135, based on the deceased member's average final compensation and credited service at time of death, and the aggregate amount paid to surviving children for the month.

b. For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-135, based on the deceased member's frozen accrued benefit as of May 1, 2012, plus 75 percent of the retirant's pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on and after of May 1, 2012, and the aggregate amount paid to surviving children for the month.

c. For members hired on or after May 1, 2012, the difference, if any, between 75 percent of the retirant's pension computed according to section 82-135, based on the deceased member's accrued benefit for credited service on and after May 1, 2012, and the aggregate amount paid to surviving children for the month."

Section 48. The Code of Ordinances of the Town of Palm Beach is hereby amended at Chapter 82, Personnel; Article II, Employee Benefits; Division 2, Retirement System; Subdivision V, General Employees and Lifeguards; Section 82-145, to read as follows:

"Sec. 82-145. Benefit Group General and Benefit Group Lifeguard: Elective survivor pension.

(a) The elected surviving beneficiary of a deceased member shall be paid a pension terminating upon death if the following conditions are satisfied:

(1) The member has elected a survivor beneficiary.

(2) The member dies while in the employ of the town with at least ten years of credited service, or the member was employed by the Town and not participating in the DROP on May 1, 2012 and thereafter dies while in the employ of the town.

(b) The election of a survivor beneficiary shall be in writing and filed with the human resources department~~retirement system~~. The election of a survivor beneficiary shall be null and void upon the member's retirement or prior termination of town employment. A member may revoke a nomination of survivor beneficiary at any time and again elect a survivor beneficiary.

(c) The amount of a surviving dependent elected beneficiary's pension shall be:

(1) For members who attained normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, computed according to section 82-135 as if the deceased member had elected optional form of payment A100 provided in section 82-136 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-134 conditions for retirement.

(2) For members who did not attain normal retirement eligibility based on credited service as of May 1, 2012, excluding credited service purchased pursuant to section 82-54, and who were employed by the town and not participating in the DROP on that date, a benefit computed according to section 82-135, based on the member's frozen accrued benefit as of May 1, 2012 plus the benefit based on the member's credited service on and after that date, as if the deceased member had elected optional form of payment A100 provided in section 82-136 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-134 conditions for retirement.

(3) For members hired on or after May 1, 2012, a benefit computed according to section 82-135 based on credited service on and after that date computed as if the deceased member had elected optional form of payment A100 provided in section 82-136 and retired the day preceding death, notwithstanding that the deceased member may not have satisfied the section 82-134 conditions for retirement."

Section 49. Severability.

If any provision of this Ordinance or the application thereof is held invalid, such invalidity shall not affect the other provisions or applications of this Ordinance which can be given effect without the invalid provisions or applications, and to this end the provisions of this Ordinance are hereby declared severable.

Section 50. Repeal of Ordinances in Conflict.

All other ordinances of the Town of Palm Beach, Florida, or parts thereof which conflict with this or any part of this Ordinance are hereby repealed.

Section 51. Codification.

This Ordinance shall be codified and made a part of the official Code of Ordinances of the Town of Palm Beach.

Section 52. Effective Date.

This Ordinance shall take effect immediately upon its passage and approval, as provided by law.

PASSED AND ADOPTED in a regular, adjourned session of the Town Council of the Town of Palm Beach on first reading this ________ day of ______________, 2012, and for second and final reading on this ____________ day of _________________, 2012.

____________________________	______________________________________
Gail L. Coniglio, Mayor	David A. Rosow, Town Council President
	______________________________________
	Robert N. Wildrick, President Pro Tem
	______________________________________
	William J. Diamond, Town Council Member
	______________________________________
ATTEST:	Richard M. Kleid, Town Council Member
____________________________	______________________________________
Susan A. Owens, MMC, Town Clerk	Michael J. Pucillo, Town Council Member

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GRS Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

April 20, 2012

Mr. William P. Hanes. Esq.
Administrator
P.O. Box 2112
Palm Beach, Florida 33480

Re: General Employees Retirement System

Dear William:

Enclosed are 5 copies of the Impact Statement and Actuarial Cost Estimate for the proposed changes to the Ordinance.

The Impact Statement should be transferred to Town of Palm Beach letterhead and signed. A copy of the Impact Statement and Actuarial Cost Estimate should be sent prior to the second reading together with a copy of the proposed ordinance to:

Division of Retirement
Bureau of Local Retirement Systems
P.O. Box 9000
Tallahassee, Florida 32315-9000

The actuary submitting this statement is a Member of the American Academy of Actuaries (M.A.A.A.) as indicated, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Brad Lee Armstrong, ASA, EA

BLA:bd
Enclosures

cc: Jane Struder, Finance Director, Town of Palm Beach

TOWN OF PALM BEACH GENERAL EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL IMPACT STATEMENT, APRIL 20, 2012

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service (age 60 for reduced benefits)
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- No automatic survivor benefits
- Member contributions are reduced by 2% if the member was hired before May 1, 1992 and reduced by 4% if hired on or after May 1, 1992

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Funding Implications of the Amendments

An actuarial cost estimate for the amendments is attached.

Certification of Administrator

The actuary has been furnished with a description of the amendments.

__________________________, Administrator
Town of Palm Beach
General Employees Retirement System

Data and Actuarial Assumptions

The data and actuarial assumptions used for the cost estimate were the same as those used for the October 1, 2010 actuarial valuation, except as noted.

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service (age 60 for reduced benefits)
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- No automatic survivor benefits
- Member contributions are reduced by 2% if the member was hired before May 1, 1992 and reduced by 4% if hired on or after May 1, 1992

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Contribution Implications of the Amendments

	Before Amendment		After Amendment		Change	
	General	Ocean Rescue	General	Ocean Rescue	General	Ocean Rescue
Normal Cost	22.70%	29.94%	8.63%	13.40%	(14.07)%	(16.54)%
Pmt. To Amortize Unf'd Act. Accr. Liab.	4.96%	11.22%	3.03%	9.41%	(1.93)%	(1.81)%
FS112.64(5) Compliance	1.76%	7.37%	0.49%	3.93%	(1.27)%	(3.44)%
Administrative Expenses	0.39%	0.39%	0.39%	0.39%	0.00%	0.00%
Total	29.81%	48.92%	12.54%	27.13%	(17.27)%	(21.79)%
Less Member Portion #	(6.47)%	(7.21)%	(5.20)%	(6.12)%	1.27%	1.09%
Public Portion	23.34%	41.71%	7.34%	21.01%	(16.00)%	(20.70)%
Illustrative Public Dollars	$2,847,033	$146,124	$882,640	$72,561	($1,964,393)	($73,563)

 # Reflects 5 months of impact for active members not eligible for normal retirement as of May 1, 2012.

Allocations of Contribution Increase

	General		Ocean Rescue	
To Member	(1.27)%	($155,924)	(1.09)%	($3,874)
To Public	(16.00)%	($1,964,393)	(20.70)%	($73,563)

Actuarial Present Values (thousands of dollars)

	Before Amendment		After Amendment		Change	
	General	Ocean Rescue	General	Ocean Rescue	General	Ocean Rescue
Actuarial present value of terminated vested members	$ 1,647	$ 0	$ 1,647	$ 0	$ 0	$ 0
Actuarial present value of retired members & beneficiaries	47,154	3,216	47,154	3,216	0	0
Actuarial present value of active member benefits:						
Service retirement	58,014	2,164	38,149	1,431	(19,865)	(733)
Vested termination benefits	1,242	47	249	14	(993)	(33)
Disability retirement	937	30	1,066	55	129	25
Survivor benefits (pre-retirement)	2,848	55	1,396	65	(1,452)	11
Termination benefits - refunds	320	9	47	3	(273)	(6)
Totals	63,361	2,305	40,907	1,568	(22,454)	(736)
Reserves	4	1	4	1	0	0
Total acturial present value of benefits	112,166	5,522	89,712	4,786	(22,454)	(736)
Actuarial accrued liability	88,426	4,721	81,932	4,448	(6,494)	(273)
Unfunded actuarial accrued liability	18,080	1,258	11,586	985	(6,494)	(273)
Present value of active member future payroll	104,965	2,674	112,199	3,753	7,234	1,079
Present value of future active member contributions	6,791	193	3,403	141	(3,388)	(52)

<u>Comment:</u> The increase in unfunded actuarial accrued liability was financed as a level percent-of-payroll over 30 years. Normal retirement rates were adjusted in connection with the plan design changes. 100% of active members not eligible for normal retirement as of May 1, 2012 were assumed to retire upon reaching normal retirement age (age 65). The assumed rate of increase in wage level was decreased from 5.5% to 4.5%. Pay for active members not eligible for normal retirement as of May 1, 2012 was decreased by 5% to reflect average final compensation including only base pay.

Brad Lee Armstrong, ASA, MAAA, EA [11-5614]

GRS
Gabriel Roeder Smith & Company
Consultants & Actuaries
One Towne Square
Suite 800
Southfield, MI 48076-3723
248.799.9000 phone
248.799.9020 fax
www.gabrielroeder.com

April 20, 2012

Mr. William P. Hanes. Esq.
Administrator
P.O. Box 2112
Palm Beach, Florida 33480

Re: Firefighters Retirement System

Dear William:

Enclosed are 5 copies of the Impact Statement and Actuarial Cost Estimate for the proposed changes to the Ordinance.

The Impact Statement should be transferred to Town of Palm Beach letterhead and signed. A copy of the Impact Statement and Actuarial Cost Estimate should be sent prior to the second reading together with a copy of the proposed ordinance to:

Division of Retirement
Bureau of Local Retirement Systems
P.O. Box 9000
Tallahassee, Florida 32315-9000

The actuary submitting this statement is a Member of the American Academy of Actuaries (M.A.A.A.) as indicated, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Brad Lee Armstrong

Brad Lee Armstrong, ASA, EA

BLA:bd
Enclosures

cc: Jane Struder, Finance Director, Town of Palm Beach

TOWN OF PALM BEACH FIREFIGHTERS RETIREMENT SYSTEM
ACTUARIAL IMPACT STATEMENT, APRIL 20, 2012

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- Normal form of payment is straight life with no automatic survivor benefits
- Member contributions are reduced by 2%

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Funding Implications of the Amendments

An actuarial cost estimate for the amendments is attached.

Certification of Administrator

The actuary has been furnished with a description of the amendments.

________________________, Administrator
Town of Palm Beach
Firefighters Retirement System

Data and Actuarial Assumptions

The data and actuarial assumptions used for the cost estimate were the same as those used for the October 1, 2010 actuarial valuation, except as noted.

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- Normal form of payment is straight life with no automatic survivor benefits
- Member contributions are reduced by 2%

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Contribution Implications of the Amendments

	Before Amendment	After Amendment	Change
Normal Cost	37.38%	10.84%	(26.54)%
Pmt. To Amortize Unf'd Act. Accr. Liab.	19.66%	15.91%	(3.75)%
FS112.64(5) Compliance	0.00%	0.00%	0.00%
Administrative Expenses	2.90%	2.90%	0.00%
Total	59.94%	29.65%	(30.29)%
Less Member Portion #	(6.82)%	(6.11)%	0.71%
Less Chapter 175 Portion	(3.74)%	0.00%	3.74%
Less Additional Premium Tax Revenue	(1.45)%	0.00%	1.45%
Town Portion	47.93%	23.54%	(24.39)%
Illustrative Town Dollars	$3,229,679	$1,563,806	($1,665,873)

 # Reflects 5 months of impact for active members not eligible for normal retirement as of May 1, 2012.
@ $88,570.49 that was received for the October 2011 Supplemental Premium Tax Distribution from the State was not included. There is no expectation of any future premium tax distributions after amendment.

Allocations of Contribution Increase

To Member	(0.71)%	($48,494)
To Chapter 175	(3.74)%	($255,448)
To Add. Prem. Tax Rev.	(1.45)%	($99,037)
To Town	(24.39)%	($1,665,873)

Actuarial Present Values (thousands of dollars)

	Before Amendment	After Amendment	Change
Actuarial present value of terminated vested members	$ 106	$ 106	$ 0
Actuarial present value of retired members & beneficiaries	48,286	48,286	0
Actuarial present value of active member benefits:			
Service retirement	45,939	27,875	(18,064)
Vested termination benefits	1,307	313	(993)
Disability retirement	686	1,632	946
Survivor benefits (pre-retirement)	478	1,270	792
Termination benefits - refunds	153	57	(96)
Totals	48,564	31,149	(17,415)
Reserves	0	0	0
Total acturial present value of benefits	96,956	79,540	(17,415)
Actuarial accrued liability	81,598	73,837	(7,761)
Unfunded actuarial accrued liability	22,379	14,618	(7,761)
Present value of active member future payroll	40,929	80,725	39,796
Present value of future active member contributions	2,791	3,916	1,125

<u>Comment:</u> The increase in unfunded actuarial accrued liability was financed as a level percent-of-payroll over 30 years. Normal retirement rates were adjusted in connection with the plan design changes. 100% of active members not eligible for normal retirement as of May 1, 2012 were assumed to retire upon reaching normal retirement age (age 65). The assumed rate of increase in wage level was decreased from 5.5% to 4.5%. Pay for active members not eligible for normal retirement as of May 1, 2012 was decreased by 5% to reflect average final compensation including only base pay.

Brad Lee Armstrong

Brad Lee Armstrong, ASA, MAAA, EA [11-5614]

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April 20, 2012

Mr. William P. Hanes. Esq.
Administrator
P.O. Box 2112
Palm Beach, Florida 33480

Re: Police Officers Retirement System

Dear William:

Enclosed are 5 copies of the Impact Statement and Actuarial Cost Estimate for the proposed changes to the Ordinance.

The Impact Statement should be transferred to Town of Palm Beach letterhead and signed. A copy of the Impact Statement and Actuarial Cost Estimate should be sent prior to the second reading together with a copy of the proposed ordinance to:

Division of Retirement
Bureau of Local Retirement Systems
P.O. Box 9000
Tallahassee, Florida 32315-9000

The actuary submitting this statement is a Member of the American Academy of Actuaries (M.A.A.A.) as indicated, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Respectfully submitted,

Brad Lee Armstrong

Brad Lee Armstrong, ASA, EA

BLA:bd
Enclosures

cc: Jane Struder, Finance Director, Town of Palm Beach

TOWN OF PALM BEACH POLICE OFFICERS RETIREMENT SYSTEM
ACTUARIAL IMPACT STATEMENT, APRIL 20, 2012

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- Normal form of payment is straight life with no automatic survivor benefits
- Member contributions are reduced by 2%

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Funding Implications of the Amendments

An actuarial cost estimate for the amendments is attached.

Certification of Administrator

The actuary has been furnished with a description of the amendments.

_________________________, Administrator
Town of Palm Beach
Police Officers Retirement System

Data and Actuarial Assumptions

The data and actuarial assumptions used for the cost estimate were the same as those used for the October 1, 2010 actuarial valuation, except as noted.

Description of Amendments

Ordinance No. 6-2012:
Active members not eligible for normal retirement as of May 1, 2012 have their accrued benefit frozen as of the same date. The benefit commences upon attaining normal retirement age under the current benefit provisions.
Active members not eligible for normal retirement as of May 1, 2012 are subject to the following benefit provisions for service on or after May 1, 2012:

- Normal Retirement age is 65 years of age with 10 years of service
- 1.25% for service earned after April 30, 2012
- Five year average final compensation, includes base pay only
- No post retirement benefit increases
- Normal form of payment is straight life with no automatic survivor benefits
- Member contributions are reduced by 2%

Active members eligible for normal retirement as of May 1, 2012 are unaffected by the new benefit provisions.

Contribution Implications of the Amendments

	Before Amendment	After Amendment	Change
Normal Cost	37.44%	12.26%	(25.18)%
Pmt. To Amortize Unf'd Act. Accr. Liab.	13.31%	10.91%	(2.40)%
FS112.64(5) Compliance	0.00%	0.00%	0.00%
Administrative Expenses	3.12%	3.12%	0.00%
Total	53.87%	26.29%	(27.58)%
Less Member Portion #	(6.98)%	(6.31)%	0.67%
Less Chapter 185 Portion @	(2.53)%	0.00%	2.53%
Less Additional Premium Tax Revenue	(0.70)%	0.00%	0.70%
Town Portion	43.66%	19.98%	(23.68)%
Illustrative Town Dollars	$2,859,131	$1,289,859	($1,569,272)

 # Reflects 5 months of impact for active members not eligible for normal retirement as of May 1, 2012.
@ There is no expectation of any future premium tax distributions after amendment.

Allocations of Contribution Increase

To Member	(0.67)%	($44,401)
To Chapter 185	(2.53)%	($167,663)
To Add. Prem. Tax Rev.	(0.70)%	($46,389)
To Town	(23.68)%	($1,569,272)

Actuarial Present Values (thousands of dollars)

	Before Amendment	**After Amendment**	**Change**
Actuarial present value of terminated vested members	$ 155	$ 155	$ 0
Actuarial present value of retired members & beneficiaries	46,697	46,697	0
Actuarial present value of active member benefits:			
Service retirement	41,460	27,605	(13,855)
Vested termination benefits	1,054	326	(728)
Disability retirement	603	1,374	770
Survivor benefits (pre-retirement)	450	1,074	624
Termination benefits - refunds	142	61	(81)
Totals	43,709	30,439	(13,269)
Reserves	194	194	0
Total acturial present value of benefits	90,755	77,485	(13,269)
Actuarial accrued liability	76,694	72,021	(4,673)
Unfunded actuarial accrued liability	12,614	7,942	(4,672)
Present value of active member future payroll	37,657	70,134	32,477
Present value of future active member contributions	2,628	3,546	917

Comment: The increase in unfunded actuarial accrued liability was financed as a level percent-of-payroll over 30 years. Normal retirement rates were adjusted in connection with the plan design changes. 100% of active members not eligible for normal retirement as of May 1, 2012 were assumed to retire upon reaching normal retirement age (age 65). The assumed rate of increase in wage level was decreased from 5.5% to 4.5%. Pay for active members not eligible for normal retirement as of May 1, 2012 was decreased by 5% to reflect average final compensation including only base pay.

Brad Lee Armstrong, ASA, MAAA, EA [11-5614]