

BOARD OF TRUSTEES

CITY OF BOYNTON BEACH MUNICIPAL FIREFIGHTER PENSION TRUST FUND

ADMINISTRATIVE RULE GOVERNING DISTRIBUTION OF DROP ACCOUNT UPON DEATH OF PARTICIPANT

- 1) Section 18-222 of the Boynton Beach City Code created a Deferred Retirement Option Plan (DROP) for the members of the City of Boynton Beach Municipal Firefighter Pension Trust Fund (Plan). The City Code and FSS 175.061 authorize the Board of Trustees to adopt rules necessary for the administration of the Plan, to include the DROP. Accordingly, this Administrative Rule shall address the procedure to be employed for distribution of the DROP account by the Plan upon the death of a DROP participant.
- 2) Section 18-222(i) provides as follows: "Upon termination with the City, an employee may receive payment within forty-five (45) days of the member requesting payment or may defer payment until a time not later than the latest date authorized by Section 401(a)(9) of the Internal Revenue Code at the option of the member." The Fund does not have a provision extending members' benefits to beneficiaries.
- 3) With regard to survivor benefits, Section 18-222(l) provides that "if an employee shall die during participation in the DROP, a survivor benefit shall be payable in accordance with the form of benefit chosen at the time of entry into the DROP."
- 4) Upon a participant's death, the Plan Administrator shall provide distribution selection forms to the beneficiary(ies) of the DROP account. Within sixty (60) days following receipt of such forms, each DROP beneficiary shall submit the distribution selection forms to the Plan Administrator, electing a distribution method as detailed in the Special Tax Notice. Distributions shall be made within ninety (90) days.
- 5) The distribution selection must comply with requirements of the Internal Revenue Code. If the beneficiary does not request a rollover to an IRA, the distribution shall be paid directly to the beneficiary. If more than one beneficiary is designated, the account shall be distributed on a pro-rata basis accordingly.

- 6) Once the form is submitted, the Plan Administrator shall compute the DROP account balance that is subject to distribution and the Plan actuary will review it. As this Administrative Rule requires a distribution selection to be made within sixty (60) days of the distribution selection form being received, distribution of the DROP account may in some cases be made prior to Board approval. All DROP account distributions shall be placed on the Board of Trustees' agenda for approval and/or ratification at the next regularly scheduled meeting.
- 7) If no selection is made within the sixty (60) day period, the item will be placed on the agenda of the next Board meeting. Absent special circumstances, an involuntary distribution shall be paid to the beneficiary(ies).
- 8) If the member has not designated a beneficiary, the DROP account balance shall be paid to the member's estate.
- 9) The Board of Trustees reserves the right to amend this Administrative Rule from time to time as it deems appropriate. The Board shall retain the right to exercise its discretion in interpreting this Rule and in resolving any disputes that may arise hereunder.

This Rule was considered by the Board of Trustees at a public hearing February 6, 2019



Chair



Secretary