

AN ORDINANCE OF THE CITY OF KEY WEST, FLORIDA, AMENDING THE RETIREMENT SYSTEM FOR GENERAL EMPLOYEES; AMENDING CHAPTERS 46, SECTION 29(c), 108(g), 110, and 113 OF THE CODE OF ORDINANCES TO PROVIDE FOR TECHNICAL CORRECTIONS; CREATING CHAPTER 46-30 TO PROVIDE A FORFEITURE OF BENEFITS PROVISION; PROVIDING FOR SEVERABILITY; PROVIDING FOR CODIFICATION; PROVIDING FOR AN EFFECTIVE DATE.

**WHEREAS**, the Board of Trustees of the Retirement System for General Employees has recommended certain technical revisions to the plan; and

**WHEREAS**, the granting of the ordinance will result in no increase to the liability of the City or the citizens of the City of Key West; and

**NOW, THEREFORE**, be it ordained by the City Commission of the City of Key West:

**Section 1. Chapter 46, Section 46-29(c) of the Key West City Code is hereby amended to read as follows:**

**Sec. 46-29. Vesting and Termination.**

- (a) Except as otherwise provided in this section, all rights to benefits under this plan shall terminate when a member's employment terminates for any reason other than normal service retirement, early service retirement, or disability retirement. Any member who completes ten years of credited service and whose contributions remain in the plan has a vested right to accrued benefits from the plan. A member who has completed five years of credited service shall be 50 percent vested in the plan and shall receive an additional ten percent vesting each year thereafter.
- (b) A member who shall leave the service of the city prior to eligibility for normal service retirement or early service retirement, but who has completed ten years of creditable service shall be entitled to receive

retirement benefits commencing at the regular normal service retirement date. Such benefits will be based on final monthly compensation and credited service as of the date of termination.

- (c) Every member shall have the right to elect to receive, in lieu of all benefits under the plan, a return of the member's accumulated contributions, ~~with interest.~~
- (d) A member who elects a lump sum return of contributions releases and discharges the city and the plan from the right to any other benefits from the plan.

**Section 2. Chapter 46, Section 46-30 of the Key West City Code is hereby added to read as follows:**

**Sec. 46-30. Forfeiture of Benefits**

Members are subject to the provisions of Florida Statutes, §112.3173.

**Section 3. Chapter 46, Section 46-108(g) of the Key West City Code is hereby amended to read as follows:**

**Sec. 46-108(g). Buy-backs/reemployment**

\* \* \* \* \*

- (g) Re-employment by the City, other than as a full-time ~~civil servant~~ employee shall not affect receipt of benefits from the plan. In the event that a retiree is re-employed as a full time ~~civil service~~ employee in a position covered by this Plan, receipt of benefits shall be suspended for the period of re-employment. Upon ending the period of re-employment, benefits shall be ~~recommended~~ recalculated, taking into account, any additional credited service or change in final monthly compensation.

**Section 4. Chapter 46, Section 110 of the Key West City Code is hereby amended to read as follows:**

**Sec. 46-110      Death Benefits.**

- (a) If the death of a member occurs prior to the normal retirement date, there shall be payable to the member's designated beneficiary, on a ten-year certain and life thereafter basis a monthly income beginning on the first day of the month coincident with or next following the date of death which shall be supported by the greater of:
- (1) The single sum value of the participant's deferred monthly retirement income beginning at his normal retirement date which has accrued to the date of the member's death, based on the participant's number of years of credited service and final monthly compensation at the date of death; or
  - (2) The smaller of 18 times the member's rate of final monthly compensation at time of death or 100 times the member's anticipated monthly retirement income commencing at the normal retirement date based upon the participant's number of years of credited service and final monthly compensation at the time of death.

The amount of the benefit shall be computed as though the member had retired on the date of death and had chosen the 100-percent joint and survivor option. The board may, in its discretion, pay the benefit in another form if the board deems it to be in the best interest of the beneficiary unless the member has designated otherwise. The actuarial value of any other form of benefit may not exceed the actuarial value of the 100-percent joint and last survivor option.

- (b) If the death of a member occurs after the normal retirement date, but prior to actual retirement or entry into the DROP, there shall be payable to his beneficiary a monthly income beginning on the first day of the month coincident with or next following the date of death which shall be the actuarial equivalent of the single sum value of the retirement income based upon the final monthly compensation and number of years of credited service at the date of death.

Section 5. Chapter 46, Section 110 of the Key West City Code is hereby amended to read as follows:

Sec. 46-113 Deferred retirement option plan

- (a) A deferred retirement option plan (DROP) is hereby created.
- (b) Eligibility to participate in the DROP is based upon eligibility for service retirement or early retirement in the plan.
- (c) Participation in the DROP must be exercised within the first 30 years of employment; provided, however, that participation in the DROP, when combined with participation in the plan as an active member may not exceed 30 years. The maximum period of participation in the DROP is five years.
- (d) Upon exercising the right to participate in the DROP, an employee's creditable service, accrued benefits and final monthly compensation shall be frozen and the 60 highest months of the 120 months immediately preceding participation in the DROP shall be utilized as the compensation basis.
- (e) Payment shall be made into the employee's DROP account as if the employee had terminated employment in the city in an amount determined by the employee's selection of Options 1 and 2 as enumerated in section 46-107(j).
- (f) An employee's account in the DROP program shall earn or lose interest based upon the actual earnings of the plan for the preceding year.
- (g) An employee shall terminate service with the city at the conclusion of five years in the DROP.
- (h) All interest shall be credited to the employee's DROP account at the end of the DROP period.
- (i) Upon termination with the city, an employee ~~has~~

~~the option of receiving shall receive payment within 45 days of the member's requesting for payment, or deferring payment until a time not later than the latest date authorized by section 401(a)(9) of the Internal Revenue Code.~~

- (j) Payments from the DROP may be received as a lump sum, or by rollover to an eligible retirement plan, ~~installment payment or annuity,~~ provided, however, that at all times, the DROP shall be subject to the provisions of the Internal Revenue Code.
- (k) No payment may be made from the DROP until the employee actually separates from service with the city.
- (l) If an employee dies during participation in the DROP, the member shall be treated as any other vested member in the plan who dies prior to retirement.
- (m) Upon commencement of participation in the DROP, the member shall no longer be eligible for disability retirement from the plan. If a member becomes disabled during the DROP period, the member shall be treated as if he/she retired on the day prior to the date of disability.

**Section 6**      **Should any section of this ordinance be held invalid by a court of competent jurisdiction, the remaining provisions shall be in full force and effect as if the invalid provision had not been adopted.**

**Section 7.**      **This ordinance shall be codified in the Key West City Code. The editor of the Code shall be authorized to renumber or re-letter sections as may be necessary.**

**Section 8.**      **This ordinance shall take effect immediately upon passage.**

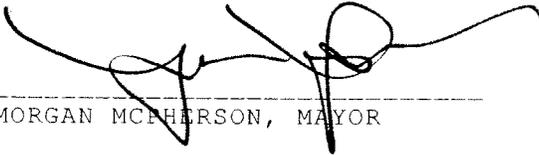
Read and passed on first reading at a regular meeting held this

\_\_\_ 3 \_\_\_ day of March\_\_\_\_\_, 2009.

Read and passed on final reading at a regular meeting held this  
\_\_\_ 17 \_\_\_ day of March\_\_\_\_\_, 2009.

Authenticated by the presiding officer and the Clerk of the  
Commission on this \_\_\_ 18 \_\_\_ day of March\_\_\_\_\_, 2009 .

Filed with the Clerk on this \_\_\_ 18 \_\_\_ day of March\_\_\_\_\_, 2009 .



-----  
MORGAN MCPHERSON, MAYOR

ATTEST:



-----  
CHERYL SMITH, CITY CLERK