

ORDINANCE NO. _____

1 AN ORDINANCE amending Chapter 2.66 of the Lincoln Municipal Code
2 relating to the Police and Fire Pension Plan -- Plan C by amending Section 2.66.040 to
3 establish a date for commencement of benefit payments; amending Section 2.66.140 to
4 establish limitations upon the use of plan assets; adding a new section numbered 2.66.190 to
5 establish provisions for the amendment, termination, and discontinuance of the Plan; adding
6 a new section numbered 2.66.200 to establish the City's intention that the Plan be a qualified
7 plan pursuant to the Internal Revenue Service Requirements; and repealing Sections 2.66.040
8 and 2.66.140 of the Lincoln Municipal Code as hitherto existing.

9 BE IT ORDAINED by the City Council of the City of Lincoln, Nebraska:

10 Section 1. That Section 2.66.040 of the Lincoln Municipal Code be amended
11 to read as follows:

12 **2.66.040 Age and Service Retirement Benefits.**

13 (a) Regular age and service retirement benefits. A member who (i) has attained normal
14 retirement age, (ii) completed twenty-one years of service, and (iii) elects to retire from active
15 service shall be entitled to receive regular age and service retirement benefits upon retirement
16 from active duty. Such benefit shall be equal to fifty-four percent of regular pay.

17 (b) Extended age and extended service retirement benefits. A member who (i) has
18 previously become eligible for a regular age and service retirement benefit, (ii) has worked for
19 a period of between 0-60 months after becoming eligible, and (iii) elects to retire from active
20 service shall be entitled to receive an extended age and extended service benefit upon

1 retirement from active duty. Such benefit shall be equal to a regular age and service
2 retirement benefit with the percentage increased by two percent per year for each of a
3 member's years of service after becoming eligible for a regular age and service retirement
4 benefit for a maximum of sixty months or ten percent.

5 (c) Partial annuity benefits. A member who (i) has attained normal retirement age,
6 (ii) completed at least ten years of service, and (iii) elects to retire from active service shall be
7 entitled to receive a partial annuity benefit. Such benefit shall be equal to a regular age and
8 service retirement benefit reduced by multiplying the member's regular age and service
9 retirement benefit by a fraction, the denominator of which is twenty-one and the numerator
10 of which is the number of years of service completed by the member at the date of his or her
11 normal retirement (not to exceed twenty-one).

12 (d) Early retirement benefit. A member who (i) has attained age fifty, (ii) completed
13 at least twenty-one years of service, and (iii) elects to retire from active service shall be entitled
14 to receive an early retirement benefit. Such benefit shall be based on the following:

15 The early retirement benefit shall be equal to:

16 at age 50 and 21 years of service = 48%

17 at age 51 and 21 years of service = 50%

18 at age 52 and 21 years of service = 52%

19 The pension of a member whose age, on the date of retirement, exceeds an otherwise
20 applicable age and service level as set forth above will be increased by an amount equalling
21 two percent of regular pay times a fraction, the denominator of which is 365 and the

1 numerator of which is the number of days by which the member's age exceeds the otherwise
2 applicable age and service level.

3 (e) Benefit payments shall commence no later than April 1 of the calendar year
4 following the later of (i) the calendar year in which the member attains age 70 1/2 or (ii) the
5 calendar year in which the member's employment with the City terminates.

6 Section 2. That Section 2.66.140 of the Lincoln Municipal Code be amended
7 to read as follows:

8 **2.66.140 Plan Administration; Fund Investments.**

9 (a) The Personnel Director, or a designated representative of the director, shall act as
10 the Plan Administrator for the Police and Fire Pension Plan.

11 (b) The Plan Administrator, after consulting with the Police and Fire Pension Plan
12 Advisory Committee as hereinafter provided, may invest all funds of the Police and Fire
13 Pension Fund or may contract with an insurance company, trust company, or other financial
14 institution including, but not limited to, brokerage houses, investment managers, savings and
15 loan associations, banks, credit unions, Federal Farmers' Home Administration or Veterans'
16 Administration approved lenders to manage such funds. The funds shall be invested in
17 investments of the nature which individuals of prudence, discretion, and intelligence acquire
18 or retain in dealing with the property of another, and if the insurance company, trust company,
19 or other financial institution contracted with has special skills or is named on the basis of
20 representation of special skills or expertise, such company or institution is under a duty to use
21 such skills. All such investments or contracts shall be approved by the City Council.

1 (c) The City shall anticipate its liability for future payments of retirement benefits
2 under the plan on an actuarial basis and, in order to equalize the tax burden over a period of
3 years, shall levy and collect taxes in each fiscal year sufficient to meet current needs and
4 equalize future payments. The tax shall be in excess of and in addition to all other taxes now
5 or hereafter authorized to be levied by the City. The tax so levied and collected, together with
6 contributions made by members, shall be credited to the Police and Fire Pension Fund in
7 accordance with the terms of Section 401(a)(2) of the Internal Revenue Code of 1986; and any
8 unexpended balance remaining in the fund at the close of the fiscal year shall be
9 reappropriated to the Police and Fire Pension Fund for the ensuing year. Pension payments
10 required by law shall be a general obligation of the City and may be made out of, but not
11 limited to, the fund.

12 The City will conform to the requirements of Section 415(b) of the Internal Revenue
13 Code of 1986 as it applies to the general benefits of this plan.

14 (d) All assets of the Plan shall be held and invested for the sole purpose of meeting
15 the legitimate obligations of the Plan and shall be used for no other purpose. No part of the
16 assets shall be used for or diverted to purposes other than for the exclusive benefit of members
17 and beneficiaries prior to satisfaction of all Plan obligations.

18 Section 3. That Chapter 2.66 of the Lincoln Municipal Code be amended by
19 adding a new section numbered 2.66.190 to read as follows:

20 **2.66.190 Amendment, Termination and Discontinuance of the Plan.**

21 (a) It is the intent of the City that the Plan be permanent and remain in effect for an
22 indefinite period. The City, however, reserves the right to modify, amend, or discontinue the

1 Plan at any time. The City expressly reserves the right to amend the Plan in order to take
2 advantage of or comply with any statute, rule, or regulation of the federal government or the
3 State of Nebraska, or any duly constituted agency thereof.

4 (b) In the event the Plan is discontinued or terminated, all members shall
5 immediately become fully vested in their benefits. The discontinuance or termination shall
6 be carried out in all respects in conformance with applicable statute, rule, or regulation of the
7 federal government or the State of Nebraska, or any duly constituted agency thereof.

8 Section 4. That Chapter 2.66 of the Lincoln Municipal Code be amended by
9 adding a new section numbered 2.66.200 to read as follows:

10 **2.66.200 Qualified Retirement Plan.**

11 The City intends that the Plan be a qualified plan under Section 401 of the Internal
12 Revenue Code, as amended. The Plan shall be administered so as to fulfill this intent,
13 including but not limited to the following: Distributions from the Plan will comply with the
14 requirements of Internal Revenue Code Section 401(a)(8) and regulations thereunder,
15 including that forfeitures will not be applied to increase the benefits that any member would
16 otherwise be entitled to receive under the Plan.

17 Section 5. That Sections 2.66.040 and 2.66.140 of the Lincoln Municipal Code
18 as hitherto existing be and the same are hereby repealed.

19 Section 6. That this ordinance shall take effect and be in force from and after
20 its passage and publication according to law.

Introduced by:

Approved as to Form & Legality:

City Attorney

Staff Review Completed:

Administrative Assistant

Approved this ___ day of _____, 2001:

Mayor