

ORDINANCE NO. _____

1 AN ORDINANCE amending Chapter 2.62 of the Lincoln Municipal Code
 2 relating to Cost of Living Adjustment; Initial Amounts; Annual Increases; How Funded by
 3 amending Section 2.62.140 to eliminate the 13th Check accounting pool and pay 13th Check
 4 benefits directly from the Police and Fire Pension; and repealing Section 2.62.140 as hitherto
 5 existing.

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

7 Section 1. That Section 2.62.140 of the Lincoln Municipal Code be amended to
 8 read as follows:

9 **2.62.140 Cost of Living Adjustment; Initial Amounts; Annual Increase; How Funded.**

10 (a) On each September 1st after the effective date of this plan, all members who have
 11 received regular age and service retirement benefits, early age and service retirement benefits, or
 12 line-of-duty disability retirement benefits for at least twelve months preceding such September 1,
 13 shall be entitled to receive a lump sum payment as a cost of living adjustment. The lump sum
 14 payment shall be payable on or immediately after such September 1, and shall be a base amount
 15 of \$750.00. Said base amount shall be increased annually thereafter in accordance with
 16 subsection (c) hereof.

17 (b) On each September 1st after the effective date of this plan, all members who have
 18 received partial annuity benefits, or non-duty disability retirement benefits, for at least twelve
 19 months preceding such September 1st, shall be entitled to receive a lump sum payment as a cost
 20 of living adjustment. The lump sum payment shall be payable on or immediately after
 21 September 1, and shall be an amount equal to a ratio of the number of years of the member's

1 service over the number twenty-one (not to exceed 21/21) multiplied by the base amount
2 described in subsection (a).

3 (c) The amount of the lump sum payment to which a member shall be entitled under
4 subsection (a) hereof shall be annually increased by the lesser of three percent or the percentage
5 increase in the Consumer Price Index for the last full calendar year prior to each September 1st.

6 The Consumer Price Index shall mean the Consumer Price Index for all urban
7 consumers, all cities, all items (1982-84 = 100), issued and published by the Bureau of Labor
8 Statistics of the United States Department of Labor. In the event that the Consumer Price Index
9 ceases to use the 1982-84 base rate of 100 as the basis of calculation, or if a substantial change is
10 made in the terms or number of items contained in the Consumer Price Index, then the Consumer
11 Price Index shall be adjusted to the figure that would have been arrived at had the manner of
12 computing the Consumer Price Index on the effective date of this ordinance not been altered. If
13 the Consumer Price Index is not available, the Plan Administrator shall utilize a successor or
14 substitute index to the Consumer Price Index, appropriately adjusted.

15 ~~(d) The lump sum payments contemplated hereunder shall be paid from an accounting~~
16 ~~pool, the amount of which shall be determined as follows: The Plan Administrator shall annually~~
17 ~~calculate the difference between the rate of interest actually earned by the Police and Fire~~
18 ~~Pension Fund and the actuarially assumed rate of interest then currently utilized in calculating~~
19 ~~pension fund liabilities. The interest differential shall be multiplied by a ratio of the retirant and~~
20 ~~beneficiary liability of the Police and Fire Pension Fund over the total liability of the Police and~~
21 ~~Fire Pension Fund, and the product thereof shall annually be allocated to the accounting pool.~~
22 ~~All such annual additions to the accounting pool plus regular interest earned and applicable to~~
23 ~~the amounts allocated to the accounting pool shall constitute the pool of funds from which the~~
24 ~~payments described above shall be paid.~~

1 ~~(e)~~ (d) Effective on and after September 1, 2010, an eligible member as defined herein
2 may elect to purchase a future annual cost of living adjustment of the monthly benefit amount, as
3 set forth herein. For purposes of this subsection ~~(e)~~ (d), an “eligible member” shall mean a
4 member in the fire service of the City that is: (i) an active member in DROP status; (ii) an active
5 member eligible to receive regular age and service retirement benefits, or (iii) an active member
6 eligible to receive line-of-duty or non-duty disability retirement benefits. If an eligible member
7 does not make an election pursuant to this subsection ~~(e)~~ (d), the post-retirement lump sum cost
8 of living adjustments set forth in subsections (a) through ~~(d)~~(c) shall apply upon actual
9 retirement.

10 (1) The cost of living adjustment purchased may be from zero percent to three
11 percent, in one-half percent increments;

12 (2) The Plan Administrator shall provide the eligible member with a quote of the
13 dollar cost to purchase a cost of living adjustment in one-half percent increments from zero
14 percent to three percent for each of the eligible member’s pension payment options, which dollar
15 cost shall be actuarially calculated based upon a discount rate of one percent less than the plan’s
16 actuarially assumed earnings rate in effect at the time of purchase;

17 (3) The purchase shall be made in a lump sum payment to the plan and may be made
18 with funds from any source, including but not limited to, the eligible member’s DROP account,
19 an in-service transfer from a deferred compensation plan under Section 403(b) or 457(b) of the
20 Internal Revenue Code if the plan so permits such transfers, traditional IRA under Section 408(a)
21 or (b) of the Internal Revenue Code, or personal check;

22 (4) Notwithstanding subsection ~~(e)~~(d)(3), ~~all or a portion of the lump sum payment~~
23 ~~shall be paid from the pension fund accounting pool set forth in subsection (d) to the extent funds~~
24 ~~are available, but in any event not to exceed the lesser of (i) and shall equal \$15,000.00 minus~~

1 the sum of 13th check payments the eligible member received during the member's DROP
2 participation ~~or (ii) the amount of funds available in such pool;~~

3 (5) An eligible member must make an election, in writing delivered to the Plan
4 Administrator prior to the member's retirement date, to either purchase the cost of living
5 adjustment set forth under this subsection ~~(e)~~(d) or to receive the lump sum payments set forth
6 under subsections (a) through ~~(d)~~(c), and the eligible member must complete payment to the City
7 of Lincoln within 30 days following the member's retirement date; and

8 (6) For an eligible member who makes a purchase, the cost of living adjustment shall
9 be payable after the eligible member or surviving beneficiary, as applicable, has received
10 monthly pension benefits, other than benefit payments to the member's DROP account, for at
11 least 12 months preceding any given September 1st. The cost of living adjustment shall be
12 compounded annually, at the rate purchased, on each September 1st after it becomes payable.

13 Section 2. That Section 2.62.140 of the Lincoln Municipal Code as hitherto
14 existing be and the same is hereby repealed.

15 Section 3. That this ordinance shall take effect and be in force from and after
16 passage and publication in one issue of a daily or weekly newspaper of general circulation in the
17 City, according to law.

Introduced by:

Approved as to Form & Legality:

City Attorney

Approved this ___ day of _____, 2016:

Mayor