




FINANCE MEMORANDUM
#16-13

DATE: October 10, 2016

TO: Honorable Mayor Joyce Downing and City Council Members

FROM: James A. Hayes, AICP, City Manager 
Jason Loveland, Director of Finance 
Ray Reling, General Employee Pension Plan, Chair 

SUBJECT: CR-107 General Employee Pension Plan Amendment

PURPOSE:

The General Employee plan requires Plan Amendments to be made from time to time to update language with respect to new IRS regulations. Additionally, the Plan is being amended to allow distributions related to Health and Long-Term Care Insurance costs to eligible retired public safety officers who have entered the General Employee Pension Plan.

SUMMARY:

Listed below are the recommended Amendments to the Plan:

1. Section 2.1(k), Eligible Retirement Plan. Amended effective for distributions after December 18, 2015, to provide that an Eligible Retirement Plan includes a SIMPLE IRA, but only if such rollover contribution is made after December 18, 2015, and only if such rollover contribution occurs after the 2-year period described in Code Section 72(t)(6) pursuant to the Protecting Americans from Tax Hikes Act of 2015 ("PATH Act").
2. Section 6.5(d), Distributions for Health and Long-Term Care Insurance. Amended effective January 1, 2016, to provide that a retired Participant who separated from service as an eligible retired public safety officer may direct the Retirement Board to remit up to \$3,000 each year from his Aggregate Account to pay the cost of qualified health insurance premiums as defined in Code Section 402(l), subject to applicable limitations imposed under Code Section 402 and the Treasury Regulations thereunder.
3. Section 6.9, Direct Rollover Distributions. Amended effective for distributions after December 18, 2015, to comply with the PATH Act.

BUDGET/TIME IMPLICATIONS:

None.

RECOMMENDATION:

The General Employee Pension Plan Board recommends approval of CR-107, the Fourth Amendment to the Plan.

STAFF REFERENCE:

Contact Jason Loveland at jloveland@northglenn.org or at 303-450-8817 or Ray Reling at rreling@northglenn.org or 303-450-4049.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-107
Series of 2016

Series of 2016

A RESOLUTION ADOPTING THE FOURTH AMENDMENT TO THE AMENDED AND RESTATED CITY OF NORTHGLENN GENERAL EMPLOYEES' PENSION PLAN AND TRUST

WHEREAS, the City Council of the City of Northglenn adopted the Amended and Restated City of Northglenn General Employees' Pension Plan and Trust (the "General Employees' Plan") by Resolution No. 12-118, Series of 2012, as amended by the First Amendment, Second Amendment, and Third Amendment thereto; and

WHEREAS, the City of Northglenn desires to amend the General Employees' Plan to incorporate certain applicable tax law changes and provide that retired public safety officers may elect to receive up to \$3,000 each year paid directly to a qualified health insurance and/or long-term care insurance provider.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The General Employees' Plan is hereby amended, as more particularly set forth in the Fourth Amendment, attached hereto as **Exhibit A**, to be effective January 1, 2016, except in sections where an alternate effective date is stated.

DATED at Northglenn, Colorado, this ____ day of _____, 2016.

JOYCE DOWNING
Mayor

ATTEST:

JOHANNA SMALL, CMC
City Clerk

APPROVED AS TO FORM:

COREY Y. HOFFMANN
City Attorney

**FOURTH AMENDMENT
TO THE
CITY OF NORTHGLENN GENERAL EMPLOYEES'
PENSION PLAN AND TRUST**

WHEREAS, the City Council of the City of Northglenn by Ordinance No. 12-118, Series of 2012, adopted The City of Northglenn General Employees' Pension Plan and Trust (the "Plan"), amended and restated effective January 1, 2012, which has been subsequently amended; and

WHEREAS, pursuant to Section 11.1 of the Plan, the City of Northglenn has the authority to amend the Plan.

NOW THEREFORE, the Plan is hereby amended, effective January 1, 2016, except as otherwise provided herein, in the following respects:

1. Section 2.1(k) of the Plan, the definition of "Eligible Retirement Plan," is amended effective for distributions after December 18, 2015, by adding the following sentence to the end thereof:

"Effective for distributions after December 18, 2015, an Eligible Retirement Plan includes a SIMPLE IRA in accordance with Code Section 408(p)(1)(B) for purposes of a rollover contribution to such SIMPLE IRA, but only if such rollover contribution is made after December 18, 2015, and only if such rollover contribution occurs after the 2-year period described in Code Section 72(t)(6)."

2. A new subsection 6.5(d) is added to the Plan, to read as follows:

"(d) Distributions for Health and Long-Term Care Insurance. A retired or disabled Participant who separated from service as an eligible retired public safety officer may direct the Retirement Board to remit up to \$3,000 each calendar year from his Aggregate Account to pay for qualified health insurance premiums as defined in Code Section 402(l), subject to applicable limitations imposed under Code Section 402 and the Treasury Regulations thereunder. In accordance with Code Section 402(l), in order to be eligible for such health and long-term care insurance distributions, a Participant must be separated from service with the Employer by reason of disability, or attainment of Normal Retirement Age under the Plan, as an eligible retired public safety officer as defined in Code Section 402(l). The Retirement Board must remit such insurance payments directly to the insurance provider. The \$3,000 annual limitation limits the total distributions from all retirement plans in which a Participant has an account."

3. The second to last sentence of Section 6.9 of the Plan is amended, effective for distributions after December 18, 2015, to read as follows:

“In addition a non-spouse beneficiary is a distributee, but may, in accordance with Code Section 402(c)(11), only elect a direct rollover of his or her interest to an individual retirement plan described in Code Section 402(c)(8)(B)(i) or (ii) (including a SIMPLE IRA but only if such contribution occurs after the 2-year period described in Code Section 72(t)(6) and is made in accordance with the Protecting Americans from Tax Hikes Act of 2015) established for the purpose of receiving the distribution on behalf of such non-spouse beneficiary, subject to applicable tax restrictions.”

The City of Northglenn has adopted this amendment on the ____ day of _____,
2016.

THE CITY OF NORTHGLENN

By: _____
Joyce Downing, Mayor