

**FINANCE MEMORANDUM**  
**#16-14**

**DATE:** October 10, 2016

**TO:** Honorable Mayor Joyce Downing and City Council Members

**FROM:** James A. Hayes, AICP, City Manager *JH*  
Jason Loveland, Director of Finance *JL*  
Ron Haralson, Police Money Purchase Pension Plan, Chair *RH*

**SUBJECT:** CR-108 Police Money Purchase Pension Plan Amendment

**PURPOSE:**

The Police Money Purchase Pension 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 Participants of the Plan to terminate service in the Plan, but not the City, and maintain service and contribution levels upon the individual again becoming a Participant.

**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 3.4(b) Service. Amended to provide that for an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer, any service from a previous period of employment shall be restored upon the individual again becoming an Employee.
3. Section 4.1, Employer Contributions. Amended to provide that for an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer and resumes employment as an Employee, the Employer shall take into account the individual's prior years of continuous employment as an Employee when determining the percentage of a Participant's eligible compensation for each pay period that such Participant is eligible to receive a contribution.
4. Section 6.4(c), Special Vesting. Added to provide that an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer and resumes employment as an Employee, such individual's years of service shall include the individual's prior years of service when determining the percentage that such individual is vested in his Employer Contributions Account.
5. 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 Police Money Purchase Pension Plan Board and its Members, in a vote of 29-0 to approve the amendments, recommend approval of CR-108, the Fourth Amendment to the Plan.

**STAFF REFERENCE:**

Contact Jason Loveland at [jloveland@northglenn.org](mailto:jloveland@northglenn.org) or at 303-450-8817 or Ron Haralson at [rharalson@northglenn.org](mailto:rharalson@northglenn.org) or 303-450-8872.

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-108  
Series of 2016

\_\_\_\_\_  
Series of 2016

A RESOLUTION ADOPTING THE FOURTH AMENDMENT TO THE AMENDED AND RESTATED CITY OF NORTHGLENN POLICE MONEY PURCHASE PENSION PLAN AND TRUST

WHEREAS, the City Council of the City of Northglenn adopted the Amended and Restated City of Northglenn Police Money Purchase Pension Plan and Trust (the "Police Plan") by Resolution No. 12-119, 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 Police Plan to incorporate certain applicable tax law changes and provide that employees who are continuously employed by the City of Northglenn will be receive service credit as described in the Fourth Amendment; and

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

Section 1. The Police 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 POLICE MONEY PURCHASE  
PENSION PLAN AND TRUST**

WHEREAS, the City Council of the City of Northglenn by Ordinance No. 12-119, Series of 2012, adopted The City of Northglenn Police Money Purchase 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 (a) without the approval of Participants, solely for the purpose of incorporating minor, technical amendments which are required, from time to time, by changes in state or federal laws or regulations (Items 1 and 5 below) and (b) with consent of at least sixty-five percent (65%) of the total votes cast by actively employed eligible Employees and all former Employees who are entitled to a benefit from the Plan (Items 2, 3, and 4 below).

NOW THEREFORE, the Plan is hereby amended, effective January 1, 2016, except as otherwise provided below, as follows:

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. Section 3.4(b) of the Plan is amended by adding a new paragraph to the end thereof, to read as follows:

“Notwithstanding any provision in this Plan to the contrary, for an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer, any service from a previous period of employment shall be restored upon the individual becoming an Employee.”

3. Section 4.1 of the Plan is amended by adding a new paragraph to the end thereof, to read as follows:

“Notwithstanding any provision in this Plan to the contrary, for an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer and resumes employment as an Employee, the Employer shall take into account the individual’s prior years of continuous employment as an Employee when

determining the percentage of a Participant's eligible compensation for each pay period that such Participant is eligible to receive a contribution."

4. A new Section 6.4(c) of the Plan is added as a final paragraph to Section 6.4 of the Plan, to read as follows:

"(c) Special Vesting. Notwithstanding any provision in this Plan to the contrary, an individual who was a Participant and ceased to be an Employee but did not terminate employment with the Employer and resumes employment as an Employee, such individual's years of service shall include the individual's prior years of service when determining the percentage that such individual is vested in his Employer Contributions Account, and the earnings, losses and changes in fair market value thereof."

5. 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, subject to approval by the participants to the extent required in Section 11.1 of the Plan.

**THE CITY OF NORTHGLENN**

By: \_\_\_\_\_  
Joyce Downing, Mayor