

ORDINANCE NO. 3496

AN ORDINANCE ADOPTING AMENDMENTS TO RETIREMENT PLANS FOR SPECIFIED CITY OF GRAND JUNCTION EMPLOYEE GROUPS

Recitals:

Article XI, Section 88, of the Charter requires that the City Council act by ordinance to continue, alter, establish, provide for and amend pension plans. Given various tax law changes that have been passed by Congress that must be incorporated into these three retirement plans require amendment.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION THAT:

1. The Internal Revenue Code amendments as generally set forth below, for the stated retirement plans, are hereby adopted in accordance with Article XI, Section 88 of the Charter of the City of Grand Junction.
2. Amendments are to the City of Grand Junction Employees Retirement Plan, New Hire Fire Money Purchase Defined Contribution Plan and New Hire Police Money Purchase Defined Contribution Plan (the "Plans")
3. The following amendments to the Plans constitute a "good faith" effort to amend the Plans to comply with tax law changes known as "EGTRRA" and with final regulations under Internal Revenue Code section 401(a)(9). These amendments supercede any contrary language in the Plans.

Increase in Compensation Limit

Increase in Compensation Limit. The annual compensation of each Participant taken into account in determining allocations for any Plan Year beginning after December 31, 2001, shall not exceed \$200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code.

Direct Rollovers of Plan Distributions

Effective Date. The following rules shall apply to Plan distributions made after December 31, 2001.

Modification of Definition of Eligible Retirement Plan. For purposes of the direct rollover provisions of the Plan, an eligible retirement plan shall also mean an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts

transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in section 414(p) of the Code.

Modification of Definition of Eligible Rollover Distribution to Exclude Hardship Distributions. For purposes of the direct rollover provisions of the Plan, any amount that is distributed on account of hardship shall not be an eligible rollover distribution and the distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan.

Modification of Definition of Eligible Rollover Distribution to Include After-Tax Employee Contributions. For purposes of the direct rollover provisions in the Plan, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax Employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

#### Rollovers into this Plan from Other Plans

Rollovers from Other Plans. Plan provisions that use pre-EGTRRA laws to describe the rollovers and direct transfers this Plan will accept are revised, effective January 1, 2002 to reflect the more liberal rules of EGTRRA. However, the Employer, operationally and on a nondiscriminatory basis, may limit the source of rollover contributions that may be accepted by this Plan.

#### Minimum Required Distributions

With respect to distributions under the Plan made for years beginning on or after January 1, 2002, distributions will be made in accordance with the final regulations under Code section 401(a)(9).

4. All lawful acts heretofore taken by the City and its officers, agents and employees in funding, managing and administering the plans in whatever capacity, are hereby ratified, including the implementation of the Internal Revenue Code, as amended, prior to Council final action if and as required by Federal law.
5. All ordinances or parts of ordinances inconsistent with the provisions of this ordinance are hereby repealed.

INTRODUCED ON FIRST READING this 18<sup>th</sup> day of December, 2002.

PASSED, ADOPTED AND APPROVED this 5<sup>th</sup> day of February, 2003.

ATTEST:

/s/ Stephanie Tuin  
City Clerk

/s/ Cindy Enos-Martinez  
President of the Council