

**City of Lakewood
Department of Employee Relations
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MEMORANDUM

To: Mayor and City Council

From: Ken Milano, Director of Employee Relations

Date: January 9, 2008

Subject: Retirement Benefit Plans

The Department of Employee Relations is presenting to City Council a series of resolutions pertaining to the City's various retirement benefit plans.

These resolutions will address the:

Lakewood Employee Money Purchase Pension Plan

- Resolution 2008-16 - Amendments to incorporate the provisions of the Federal Pension Protection Act of 2006 which include:
 - The Plan is amended to add Roth IRAs as eligible rollover plans (i.e. participants may roll over all or part of their benefits to Roth IRAs subject to special income tax rules in the PPA).
 - The Plan is amended to provide that non-spouse beneficiaries may elect to roll over their interests in a deceased participant's account into an "inherited IRA", as permitted under the PPA.
 - The Plan is amended to allow for hardship distributions with respect to hardship events experienced by the Beneficiaries of Participants, as permitted by the PPA.
- Resolution 2008-17 - Amendments to provide for the implementation of a new IRS election option, the 401(h) retiree medical benefits accounts within the Plan.

Lakewood Police Money Purchase Pension Plan

- Resolution 2008-18 - Amendments to provide for the implementation of a new IRS election option, the 401(h) retiree medical benefits accounts within the Plan.
- Resolution 2008-19 - Amendments to incorporate the provisions of the Federal Pension Protection Act of 2006 which include:

- The Plan is amended to add Roth IRAs as eligible rollover plans (i.e. participants may roll over all or part of the benefits to Roth IRAs subject to special income tax rules in the PPA).
- The Plan is amended to provide that non-spouse beneficiaries may elect to roll over their interests in a deceased participant's account into an "inherited IRA", as permitted under the PPA.
- The Plan is amended to permit retired Participants to receive an annual *tax-free* distribution of up to \$3,000 for the direct payment of health insurance premiums, as permitted by PPA.

Employee Deferred Compensation Plan

- Resolution 2008-20 - Amendments to incorporate the provisions of the Federal Pension Protection Act of 2006, which include:
 - The Plan is amended to add Roth IRAs as eligible rollover plans (i.e. participants may roll over all or part of the benefits to Roth IRAs subject to special income tax rules in the PPA).
 - The Plan is amended to permit retired Participants to receive an annual *tax-free* distribution of up to \$3,000 for the direct payment of health insurance premiums, as permitted by PPA.

Employee Flexible Spending plan, one optional component of IRS regulated Cafeteria Plans.

- Resolution 2008-21 - Amendments to update the Plan with respect to recent changes in federal law and newly issued IRS regulations.

City Manager's Defined Benefit Pension Plan

- Resolution 2008-22 - Amendments to incorporate the provisions of the Federal Pension Protection Act of 2006; and.
- Amendments to ensure consistency between the City Manager's Employment Agreement and the City Manager's Defined Benefit Pension Plan.

City Manager's Employment Agreement

- Resolution 2008-23 - Amendments to comply with changes to the Pension Plan as well as to clarify a number of items related to retirement benefits implementation and logistics.

An executive session will be held beginning at 5 p.m. on January 14 with Steve Weinstein, City Retirement Benefit Plan Attorney, to review these and other agenda items. The items are scheduled for action during the regular Council meeting on January 14.