

City of Alexandria, Virginia

25
12-10-02

MEMORANDUM

DATE: DECEMBER 6, 2002

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: RESOLUTION TO AMEND THE CITY OF ALEXANDRIA RETIREMENT INCOME PLAN FOR DEPUTY SHERIFFS AND EMERGENCY RESCUE TECHNICIANS

ISSUE: Consideration of proposed revisions to the Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians.

RECOMMENDATION: That City Council adopt the attached resolution (Attachment 1) which amends the City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians in order to incorporate the technical changes required by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), as required by the Internal Revenue Service Code.

DISCUSSION: This resolution amends the City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians to incorporate the provisions of EGTRRA, as required by the Internal Revenue Service Code. The amendments are all technical in nature, many have no applicability to members of the Deputy Sheriffs and Emergency Rescue Technicians Retirement Income Plan, and those that do are of benefit to those members. While the changes required by the IRS do not require a 60 day notice to employees, staff did provide the information to representatives of these employee groups in advance. During a meeting held with the representatives of the plan participants, there was no opposition to the proposed plan amendments.

This retirement plan covers 452 active Sheriff employees and Emergency Rescue Technicians as of June 30, 2002. The plan provides a supplemental retirement benefit to these employees in addition to the retirement benefits they are eligible for through their participation in the Virginia Supplemental Retirement System and the City's Supplemental Retirement Plan.

ATTACHMENTS:

Attachment 1. Resolution

Attachment 2. Proposed Amendment to the City of Alexandria Retirement Income Plan for
Deputy Sheriffs and Emergency Rescue Technicians

STAFF:

Henry Howard Jr., Director, Personnel Services

Myla Riggs, Benefits Division Chief, Personnel Services

Dan Neckel, Director, Finance Department

RESOLUTION NO. _____

WHEREAS, the City of Alexandria maintains the **City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians** (the "Plan"); and

WHEREAS, the City of Alexandria desires to adopt and incorporate certain amendments to the Plan as set forth in the "First Amendment to the City of Alexandria Retirement Income plan for Deputy Sheriffs and Emergency Rescue Technicians" (the "Plan Amendment") attached hereto; and

WHEREAS, the Plan, as amended, is intended to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended, and of the Economic Growth and Tax Relief Reconciliation Act of 2001, as applicable;

NOW, THEREFORE, BE IT RESOLVED THAT the Alexandria City Council does hereby recognize, adopt, approve and restate the Plan to incorporate the Plan Amendment attached hereto and incorporated fully herein by reference; and

BE IT FURTHER RESOLVED THAT the City Manager be, and he hereby is, authorized and directed to make on behalf of the City of Alexandria any other changes to the Plan as may be requested by the Internal Revenue Service, or, based on the advice of counsel, as may be necessary or desirable for the Plan to meet or continue to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended, and of the Economic Growth and Tax Relief Reconciliation Act of 2001, as applicable; and

BE IT FURTHER RESOLVED THAT this Resolution shall be effective immediately; provided, however, that the amendments hereby approved shall be effective as stated in the Plan Amendment.

ADOPTED: _____

Kerry J. Donley, Mayor

Attest:

Beverly I. Jett, CMC, City Clerk

**FIRST AMENDMENT TO
THE CITY OF ALEXANDRIA RETIREMENT INCOME PLAN
FOR DEPUTY SHERIFFS AND EMERGENCY RESCUE TECHNICIANS**

Pursuant to the powers of amendment reserved under Section 15.1 of the City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians (the "Plan"), as amended and restated effective as of December 31, 2001, said Plan shall be and the same is hereby further amended by the City of Alexandria (the "Employer") effective as of January 1, 2003, as follows:

FIRST AND ONLY CHANGE

A new Article XVI shall be added to the Plan as follows:

**"ARTICLE XVI
EGTRRA AMENDMENTS**

16.1 **EFFECTIVE DATE OF ARTICLE.** This Article XVI is intended to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and to demonstrate good faith compliance with the provisions of EGTRRA. The provisions of this Article XVI shall be construed in accordance with EGTRRA and guidance issued thereunder. The provisions of this Article shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Article.

16.2 **LIMITATIONS ON CONTRIBUTIONS**

Maximum Annual Additions. The total Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

\$40,000, as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or

100 percent of the Participant's Compensation, within the meaning of Section 415(c)(3) of the Code, for the Limitation Year.

The Compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated

as an Annual Addition.

16.3 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. Annual Compensation means Compensation during the plan year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year.

16.4 DIRECT ROLLOVERS OF PLAN DISTRIBUTIONS

- (a) This Section shall apply to distributions made after December 31, 2001.
- (b) 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 to a spouse or former spouse who is the alternate payee under a domestic relation order, as defined in Section 414(p) of the Code.
- (c) Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions of 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.

16.5 ROLLOVERS FROM OTHER PLANS. Effective as of January 1, 2002, the Plan will accept Rollover Contributions and/or direct rollovers of distributions made after December 31, 2001, as follows:

- (a) Direct Rollovers. The Plan will accept a direct rollover of an eligible rollover distribution from:
 - (1) a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions.
 - (2) an annuity contract described in Section 403(b) of the Code, excluding after-tax employee contributions.
 - (3) 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.
- (b) Rollover Contributions from Other Plans. The Plan will accept contribution from a Participant of an eligible rollover distribution from:
 - (1) a qualified plan described in Section 401(a) or 403(a) of the Code.
 - (2) an annuity contract described in Section 403(b) of the Code.
 - (3) 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.
- (c) Rollover Contributions from IRAs. The Plan will accept a Rollover Contribution of the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

The City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians, as amended and restated effective as of December 31, 2001, and as amended by the foregoing changes is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Employer has caused this First Amendment to be executed on this _____ day of _____, 2002.

THE CITY OF ALEXANDRIA

By: _____
Phillip G. Sunderland, City Manager

RESOLUTION NO. 2052

WHEREAS, the City of Alexandria maintains the City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians (the "Plan"); and

WHEREAS, the City of Alexandria desires to adopt and incorporate certain amendments to the Plan as set forth in the "First Amendment to the City of Alexandria Retirement Income plan for Deputy Sheriffs and Emergency Rescue Technicians" (the "Plan Amendment") attached hereto; and

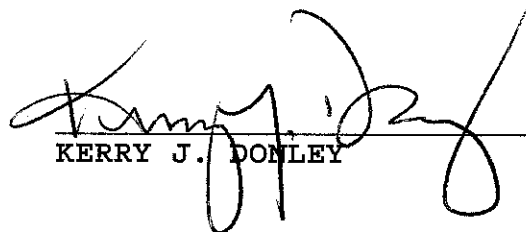
WHEREAS, the Plan, as amended, is intended to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended, and of the Economic Growth and Tax Relief Reconciliation Act of 2001, as applicable;

NOW, THEREFORE, BE IT RESOLVED that the Alexandria City Council does hereby recognize, adopt, approve and restate the Plan to incorporate the Plan Amendment attached hereto and incorporated fully herein by reference; and


BE IT FURTHER RESOLVED that the City Manager be, and he hereby is, authorized and directed to make on behalf of the City of Alexandria any other changes to the Plan as may be requested by the Internal Revenue Service, or, based on the advice of counsel, as may be necessary or desirable for the Plan to meet or continue to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended, and of the Economic Growth and Tax Relief Reconciliation Act of 2001, as applicable; and

BE IT FURTHER RESOLVED that this Resolution shall be effective immediately; provided, however, that the amendments hereby approved shall be effective as stated in the Plan Amendment.

ADOPTED: December 10, 2002


KERRY J. DONLEY MAYOR

ATTEST:


Beverly I. Jett CMC City Clerk

**FIRST AMENDMENT TO
THE CITY OF ALEXANDRIA RETIREMENT INCOME PLAN
FOR DEPUTY SHERIFFS AND EMERGENCY RESCUE TECHNICIANS**

Pursuant to the powers of amendment reserved under Section 15.1 of the City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians (the "Plan"), as amended and restated effective as of December 31, 2001, said Plan shall be and the same is hereby further amended by the City of Alexandria (the "Employer") effective as of January 1, 2003, as follows:

FIRST AND ONLY CHANGE

A new Article XVI shall be added to the Plan as follows:

**"ARTICLE XVI
EGTRRA AMENDMENTS**

16.1 **EFFECTIVE DATE OF ARTICLE.** This Article XVI is intended to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and to demonstrate good faith compliance with the provisions of EGTRRA. The provisions of this Article XVI shall be construed in accordance with EGTRRA and guidance issued thereunder. The provisions of this Article shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Article.

16.2 **LIMITATIONS ON CONTRIBUTIONS**

Maximum Annual Additions. The total Annual Additions that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

\$40,000, as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or

100 percent of the Participant's Compensation, within the meaning of Section 415(c)(3) of the Code, for the Limitation Year.

The Compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated

as an Annual Addition.

16.3 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. Annual Compensation means Compensation during the plan year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Compensation for the determination period that begins with or within such calendar year.

16.4 DIRECT ROLLOVERS OF PLAN DISTRIBUTIONS

- (a) This Section shall apply to distributions made after December 31, 2001.
- (b) 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 to a spouse or former spouse who is the alternate payee under a domestic relation order, as defined in Section 414(p) of the Code.
- (c) Modification of definition of eligible rollover distribution to include after-tax employee contributions. For purposes of the direct rollover provisions of 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.

16.5 ROLLOVERS FROM OTHER PLANS. Effective as of January 1, 2002, the Plan will accept Rollover Contributions and/or direct rollovers of distributions made after December 31, 2001, as follows:

- (a) Direct Rollovers. The Plan will accept a direct rollover of an eligible rollover distribution from:
 - (1) a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions.
 - (2) an annuity contract described in Section 403(b) of the Code, excluding after-tax employee contributions.
 - (3) 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.
- (b) Rollover Contributions from Other Plans. The Plan will accept contribution from a Participant of an eligible rollover distribution from:
 - (1) a qualified plan described in Section 401(a) or 403(a) of the Code.
 - (2) an annuity contract described in Section 403(b) of the Code.
 - (3) 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.
- (c) Rollover Contributions from IRAs. The Plan will accept a Rollover Contribution of the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

The City of Alexandria Retirement Income Plan for Deputy Sheriffs and Emergency Rescue Technicians, as amended and restated effective as of December 31, 2001, and as amended by the foregoing changes is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the Employer has caused this First Amendment to be executed on this ____ day of _____, 2002.

THE CITY OF ALEXANDRIA

By: _____
Phillip G. Sunderland, City Manager