



MEMORANDUM

Office of the City Attorney

002185

Phone: 334-5011/Fax 334-2229
Box 46

TO: Mayor and City Commissioners

DATE: ~~December 10, 2001~~
January 14, 2002

FROM: City Attorney

~~FIRST READING~~

SUBJECT: Ordinance No. 0-01-72

SECOND READING

An ordinance of the City of Gainesville, Florida, amending Division 5 of Chapter 2 of the Code of Ordinances of the City of Gainesville relating to the General Employees Pension Plan; amending section 2-526(n) related to eligible retirement plans to which certain distributions can be made; providing directions to the codifier; providing a severability clause; providing a repealing clause; and providing a retroactive effective date.

Recommendation: The City Commission adopt the proposed ordinance.

Recent federal legislation modified some provisions of the Internal Revenue Code relating to qualifications of retirement plans under the Code. The changes generally involve liberalizing the types of retirement plans to which distributions (generally lump sum) from the General Employees Pension Plan or the Consolidated Pension Plan can be made as "direct rollovers." This allows the money to remain tax-sheltered, i.e., the distribution and direct transfer to the other plan is not a taxable event to the employee or beneficiary. Some of the changes affect distributions made after December 31, 2001, and some changes may only impact events occurring after September 31, 2002. The City Attorney's Office requests authorization to make the technical amendments dealing with distributions occurring after December 31, 2001, while continuing to study, in conjunction with management, proposed changes which may be effective on or before September 30, 2002.

Prepared by:

Charles L. Hauck
Sr. Assistant City Attorney

Approved and
Submitted by:

Marion G. Radson
City Attorney

H:CLH/pension/General Employees Pension Plan

PASSED ON FIRST READING BY A VOTE OF 5-0.