



Legislation Text

File #: 150919., **Version:** 1

Resolution Amending, Restating and terminating the 401(a) Money Purchase Plan administered by the ICMA Retirement Corporation Plan Number 107451 for Public Safety DROP Participants from 1999-2005 (B)

This is a request for the City Commission to approve a resolution amending, restating and terminating the 401(a) to remain compliant with the six-year IRS updates of the Plan and Trust Documents.

This particular 401(a) was established to provide Public Safety DROP participants an account for their DROP annuity payments and was part of the 1999 bargaining process that created the Public Safety DROP. In 2005, after the completion of pension bargaining, the members ratified a DROP program that required the DROP participants to keep their DROP assets in the Defined Benefit plan subject to a fixed rate of return. The 401(a) has not had a new participant since September 2005 and the final distribution of the plan's assets occurred in March 2016 leaving the Plan with a zero balance. There is no future need to maintain the plan and it is necessary, after restatement, to terminate the plan.

The Internal Revenue Service (IRS) has a six-year review schedule for the type of 401 plan documents that the ICMA Retirement Corporation makes available for public employers. These documents have been submitted and approved by the IRS and now the City needs to restate and amend its adoption agreements before April 30, 2016. ICMA-RC has requested that the City both adopt the restatement and terminate the plan to ensure IRS compliance. The adoption agreement needs to be executed by the City Manager after the governing body approves the attached resolution.

There is no fiscal impact to this item

The City Commission approve the Resolution.