



DO8077

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CITY OF LINCOLN
DIRECTORIAL ORDER

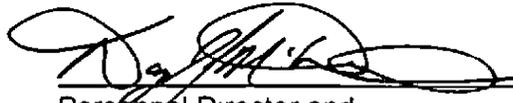
NO 08077

BY VIRTUE OF THE AUTHORITY VESTED IN ME by the Mayor of the City of
Lincoln, Nebraska

Pursuant to the delegation of authority under Administrative Regulation No 26, I hereby execute this Directorial Order on behalf of the City of Lincoln rescinding and superceding Directorial Order No 03745, dated April 14, 2010, relating to the return of Police and Fire Pension remaining employee contributions and interest All Police and Fire Pension members employed as of March 31, 2010, who thereafter separate service, shall have their remaining employee contributions and regular interest returned pursuant to the IRS Investment-in-Contract table in effect on that date as shown on Attachment "A" and incorporated herein by reference All Police and Fire Pension members hired on or after April 1, 2010, who thereafter separate service, shall have the remaining balance of their required contributions plus regular interest distributed pursuant to the applicable Survivor Benefits provisions of Lincoln Municipal Code

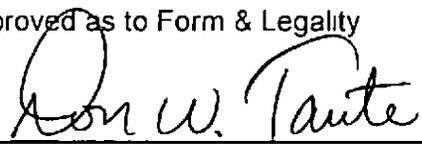
Dated this 5 day of SEPTEMBER, 2012

9/13



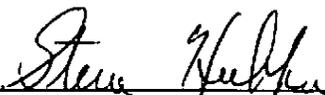
Personnel Director and
Police and Fire Pension Administrator

Approved as to Form & Legality



for City Attorney

Approved



Finance Director

FILED
SEP 13 2012
CITY CLERK'S OFFICE
LINCOLN, NEBRASKA

Attachment "A"

Pension payments from tax qualified retirement plans are generally taxed as ordinary income. However, the portion of the pension payments derived from employee contributions that have already been taxed can be excluded. The amount of each monthly pension check that can be excluded from taxation is determined by dividing their retiree's *investment in contract* by the *expected number of monthly payments*, as set forth by the Internal Revenue Service.

$$\text{Amount excludable from tax} = \frac{\text{Retiree's investment in Contract}}{\text{Expected number of monthly payments}}$$

The *investment in contract* is the retiree's after tax contributions, excluding interest and contributions "picked-up" by the employer under Section 414(h) of the Internal Revenue Code.

The *expected number of monthly payments* is set forth in the Internal Revenue Code and depends on the age of the retiree at retirement, or the combined ages of the retiree and beneficiary if the pension is payable over more than one lifetime.

The number of monthly payments is established in the Internal Revenue Code [26 USC §72 (d)(1)(B)(iii) & (iv)] in effect April 1, 2010 to be the following:

Pension Payable for a Single Life		Pension Payable for More than One Life	
Age of Primary Recipient	Expected Number of Payments	Combined Ages of Primary Recipients	Expected Number of Payments
Not more than 55	360	Not more than 110	410
More than 55, but not more than 60	310	More than 110, but not more than 120	360
More than 60 but not more than 65	260	More than 120, but not more than 130	310
More than 65 but not more than 70	210	More than 130, but not more than 140	260
More than 70	160	More than 140	210