

ORDINANCE NO. _____

1 AN ORDINANCE amending Section 2.66.020 of the Lincoln Municipal Code
2 to amend the definition of regular pay to include bi-weekly Post Employment Health Plan
3 (PEHP) contributions for purposes of calculating pension benefits for participants in Police and
4 Fire Pension Plan "C"; and repealing Section 2.66.020 of the Lincoln Municipal Code as
5 hitherto existing.

6 BE IT ORDAINED by the City Council of the City of Lincoln, Nebraska:

7 Section 1. That Section 2.66.020 of the Lincoln Municipal Code be amended
8 to read as follows:

9 **2.66.020 Definitions.**

10 As used in this chapter, and unless the context otherwise requires, the following words
11 shall have the following meanings:

12 **Actuarial equivalent.** The computation of the actuarial equivalent shall be according
13 to the group annuity mortality table 1971, and interest of six percent per annum, compounded
14 annually.

15 **Age and service retirement benefits** shall include pension benefits payable to members
16 who meet applicable age and service requirements and who elect to retire, and shall not
17 include disability retirement benefits.

18 **Base pay** shall include a member's base rate of pay, longevity, and shift differential and
19 shall exclude any other additional form of pay or benefit.

20 **City** shall mean the City of Lincoln, Nebraska.

21 **Deferred annuity** shall mean an annuity under the terms of which a member has a fully
22 vested right to receive payment at a definite future date. Deferred annuities shall be payable
23 to members who have at least ten years of service, but have not attained age fifty-three. The
24 amount payable shall be an actuarial equivalent based upon: a ratio of the number of years
25 of the member's service over the number twenty-one applied to the otherwise applicable age
26 and service retirement benefits; the age of the member at time of termination; and the options
27 relating to distribution and survivor beneficiaries selected by the member.

28 **Disability retirement benefit** shall mean a benefit payable as a result of permanent and
29 total disability while in the commissioned service of the City. The amount of the benefit shall
30 be determined by several factors, including but not limited to, the member's regular pay, years
31 of service, and the cause of the permanent and total disability.

32 **DROP** shall mean the Deferred Retirement Option Plan as provided in Section
33 2.66.045. The Deferred Retirement Option Plan shall be treated as a defined contribution plan

1 for Police and Fire Plan C members. The DROP is intended to meet the requirements of
2 Internal Revenue Code Section 414(i).

3 **DROP contributions** shall mean optional contributions paid to the member's DROP
4 account by the member while enrolled in the DROP program. The contribution percent shall
5 be set forth in the applicable mayoral executive order for Plan C members.

6 **DROP period** shall mean the amount of time the member elects to participate in the
7 DROP which shall be for a period not to exceed five years from and after the date of the
8 member's DROP election.

9 **Eligible pension benefit payment** shall mean regular age and service retirement benefits
10 determined in accordance with Sections 2.66.040 and 2.66.090(c) of the plan but frozen as
11 of the date the DROP is elected by the member.

12 **Former member** shall mean a member who has terminated his or her service with the
13 commissioned fire or police service of the City.

14 **Member** shall mean any individual in the commissioned fire or police service of the
15 City employed prior to April 11, 1984 who, prior to April 11, 1984, did not elect to make
16 required contributions of 7.6% of base pay to the plan and who elected to participate in Police
17 and Fire Pension Plan C within thirty days after the operative date of Chapter 2.62 of the
18 Lincoln Municipal Code; provided, however, the Police Chief and the Fire Chief shall not be
19 eligible to participate in this plan.

20 **Military service** shall include service in the U.S. Army, Navy, Air Force, Marine Corps
21 and any branch of service connected therewith.

22 **Normal retirement age** shall be attained age fifty-three.

23 **Partial annuity benefit** shall mean a benefit payable to a member who terminates
24 employment after completing ten years of service, but before satisfying all of the requirements
25 for age and service retirement. The amount payable shall be an actuarial equivalent based
26 upon: a ratio of the number of years of the member's service (not to exceed twenty-one) over
27 the number twenty-one applied to the otherwise applicable age and service retirement
28 benefits; the age of the member at time of termination; and the options relating to distribution
29 and survivor beneficiaries selected by the member.

30 **Plan** shall mean the Police and Fire Pension Plan "C" of the City.

31 **Regular interest** shall mean the rate of interest earned each calendar month,
32 commencing January 1, 1976, as determined by the City in conformity with the actual
33 earnings on investment of the fund created by Section 2.66.010. Whenever such interest is
34 required to be credited to any member under the provisions of this title, such interest during
35 any calendar month or portion of such month shall be based upon his or her accumulated
36 contributions, plus regular interest thereon, on the first day of that month.

37 **Regular pay** shall mean the member's base pay and Post Employment Health Plan
38 (PEHP) contribution for the last consecutive twenty-six bi-weekly pay periods. In case of a
39 demotion, or out-of-class pay, it shall mean the highest consecutive twenty-six bi-weekly pay
40 periods.

1 **Required contributions** shall mean contributions of seven percent of a member's base
2 pay.

3 **Retirement** shall mean the termination of service in the commissioned fire or police
4 service of the City upon or after fulfilling all conditions of eligibility for retirement, and shall
5 include regular, extended, early, and disability retirement.

6 **Survivor beneficiary** shall mean the natural person having an insurable interest
7 designated in writing by the member to receive benefits under this plan in the event of and
8 after the death of a member.

9 **Total disability** shall mean (a) the physical incapacity of a member to perform the work
10 of a firefighter or police officer resulting from violence to the physical structure of the body
11 and such physical disease or infection as naturally results therefrom, or (b) mental disorder
12 (excluding mental deficiency and personality disorder) of a member, diagnosed in accordance
13 with the American Psychiatric Association Manual, 1980 Edition, which is sufficiently severe
14 so as to warrant a minimum rating of fifty percent under the general rating formula set forth
15 in 38 C.F.R. § 4.132 (7-1-93 Edition) [See Appendix A].

16 **Year of service** shall mean a period of twelve full calendar months during which a
17 member is employed in a pay status in the commissioned service of the City. Partial years
18 credit for service shall be computed on a prorata basis.

19 Section 2. That Section 2.66.020 of the Lincoln Municipal Code as hitherto
20 existing be and the same is hereby repealed.

21 Section 3. That this ordinance shall take effect and be in force from and after
22 its passage and publication according to law.

Introduced by:

Approved as to Form & Legality:

City Attorney

Staff Review Completed:

Administrative Assistant

Approved this ___ day of _____, 2001:

Mayor