

# 12

MAY 14 2009



**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM**

**DATE:** May 14, 2009

**TO:** Mayor and City Council

**THRU:** W. Mark Pentz, City Manager  
Rich Dlugas, Assistant City Manager (RD)

**FROM:** Debra Stapleton, Director, Human Resources Division *JAS*

**SUBJECT:** Resolution 4291– Amending ICMA 457 Governmental Deferred Compensation Plan & Trust

**RECOMMENDATION:**

Approve Resolution No. 4291 amending the ICMA 457 Governmental Deferred Compensation Plan & Trust to include: (1) certain in-service distributions for rollover assets, (2) rollovers by non-spouse beneficiaries to an inherited IRA, (3) tax-free withdrawals of up to \$3,000 annually for the payment of qualifying insurance premiums for eligible retired public safety officers, and (4) emergency withdrawals for certain events relating to a participant's beneficiary.

**BACKGROUND/DISCUSSION:**

Recent amendments to the Internal Revenue Code of 1986 have authorized additional flexibility for participants' utilization of deferred compensation plans. Staff recommends the City adopt the following amendments to Chandler's Deferred Compensation Plan and Trust, so that the City's employees may have greater flexibility in the management of their deferred compensation funds in the future.

1. Addition of in-service distributions for rollover assets.

This provision will enable participants who have assets in their account attributable to rollover contributions (money rolled-in from an eligible retirement plan) to elect to receive a distribution of all or any portion of the rollover assets.

2. Addition of rollovers by non-spouse beneficiaries to an inherited IRA.

This provision will allow non-spouse beneficiaries such as a child or domestic partner to roll-over their inherited account balance directly to an inherited IRA. Currently, non-spouse beneficiaries must receive payments directly from their inherited 457 plan account.

3. Addition of tax-free withdrawals of up to \$3,000 annually for the payment of qualifying insurance premiums for eligible retired public safety officers.

This provision will allow eligible retired public safety officers to withdraw up to \$3,000 annually tax-free for the payment of qualifying insurance premiums. The payments will be sent directly from ICMA-RC to the participant's insurance carrier.

4. Addition of Emergency withdrawals for certain events relating to a participant's beneficiary.

This provision will enable a participant to receive emergency withdrawals in certain situations involving his or her primary beneficiary that result in a severe financial hardship. The participant may be eligible to take an emergency withdrawal if a severe financial hardship results from an illness or accident affecting his or her primary beneficiary. The need to pay for funeral expenses of a primary beneficiary may also constitute an unforeseeable emergency.

**PROPOSED MOTION:**

Approve Resolution No. 4291, approving and authorizing the Mayor to execute four amendments to the City of Chandler Deferred Compensation Plan and Trust (Plan No. 301601).

RESOLUTION NO. 4291

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHANDLER, MARICOPA COUNTY, ARIZONA, APPROVING AND AUTHORIZING THE MAYOR TO EXECUTE FOUR AMENDMENTS TO THE CITY OF CHANDLER DEFERRED COMPENSATION PLAN AND TRUST (PLAN NO. 301601)

WHEREAS, the City of Chandler (hereinafter "City") has employees rendering valuable services; and

WHEREAS, pursuant to Resolution No. 2698 approved by the Council of the City of Chandler on September 4, 1997, the City established the Chandler Deferred Compensation and Trust (Plan No. 301601) (hereinafter referred to as ("Plan")) for such employees that serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, pursuant to Resolution No. 4290, approved by the City Council on May 14, 2009, the City of Chandler approved, restated and adopted the City of Chandler Deferred Compensation Plan and Trust administered by the ICMA Retirement Corporation) (Plan No. 301601); and

WHEREAS, it is in the best interests of the City of Chandler to approve these proposed amendments.

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

Section 1: That the Mayor and City Council of the City of Chandler hereby approve Resolution No. 4291 authorizing the Mayor of the City of Chandler to execute the following Amendments to the City of Chandler Deferred Compensation Plan and Trust (Plan No. 301601) as set forth in Attachments D and E hereto:

- A. To permit certain in-service distributions of rollover assets under the Plan (as set forth in Attachment D).
- B. To permit non-spouse beneficiary rollovers to inherited IRAs (as set forth in Attachment E).
- C. To permit tax-free withdrawals of up to \$3,000 annually for eligible retired public safety officers for the payment of qualifying insurance premiums (as set forth in Attachment E).

D. To permit emergency withdrawals for certain events relating to participant's primary beneficiaries (as set forth in Attachment E).

Section 2. That the City Council of the City of Chandler hereby authorizes the Mayor to execute all of the documents set forth in Section 1.

Section 3. That the various City officers and employees be and they are hereby authorized and directed to perform all acts necessary to give effect to this Resolution.

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona this \_\_\_\_ day of \_\_\_\_\_, 2009.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

### CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Resolution No. 4291 was duly passed and approved by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_, 2009, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

PUBLISHED:

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY



**ATTACHMENT D**  
**STATEMENT OF INTENT TO AMEND A**  
**GOVERNMENTAL DEFERRED COMPENSATION PLAN**  
**Page 1 (of 2)**

**Plan Number:** 3 0 1 6 0 1

**Name of Employer:** CITY OF CHANDLER **State:** ARIZONA

**I. Employer Intention (Select one):**

- The employer is amending the ICMA-RC model 457 deferred compensation plan document provisions indicated below.
- The employer is amending an individually designed plan document to include the provisions indicated below.

**II. Employer Instructions Regarding Plan Administration (Select one):**

- The employer instructs ICMA-RC to administer this plan in accordance with this Statement of Intent.
- The employer instructs ICMA-RC to administer this plan as if the employer is adopting ICMA-RC's amended model plan document.

If neither alternative is checked, ICMA-RC will administer your plan as if you are using ICMA-RC's amended model plan document with no changes.

**III. Please indicate the optional provisions that you would like to add to your 457 deferred compensation plan. See Attachment A for an overview of the amended model plan document provisions related to these options.**

1) Age 70-1/2 in-service distributions are permitted under the Plan.

- Yes (default selection)  No

2) In-service distributions of Rollover Assets are permitted under the Plan.

- Yes  No (default selection)

**ATTACHMENT D**  
**STATEMENT OF INTENT TO AMEND A**  
**GOVERNMENTAL DEFERRED COMPENSATION PLAN**  
**Page 2 (of 2)**

**Plan Number:** 3 0 1 6 0 1

**Name of Employer:** CITY OF CHANDLER **State:** ARIZONA

IV. **Effective Date:** If you do not return this signed Agreement within 75 days from the postmark date on the 457 Governmental Deferred Compensation Plan Amendment Implementation Package, the Amendment shall be effective and you will be deemed to have consented to all of its provisions.

V. **Attachments**

The following documents are attached to the Statement of Intent:

Copy of executed affirmative statement or resolution if required.

Copy of amended plan document (for employers using an individually designed plan).

Please forward all applicable documents to ICMA-RC as soon as possible.

VI. **Employer Signature**

**Name of Official Plan Coordinator (please print)** Boyd W. Dunn, Mayor

**Signature** \_\_\_\_\_ **Title** Mayor

**Telephone number** 480-782-2210 **Date** \_\_\_\_\_

**Email Address** \_\_\_\_\_

**The completed amendment and any attachments should be returned in the enclosed postage-paid envelope, or mailed to:**

**ICMA-RC**  
**Attention: New Business Unit Analyst**  
**777 North Capitol Street NE**  
**Washington, DC 20002-4240**

APPROVED AS TO FORM

\_\_\_\_\_  
CITY ATTORNEY

*sk*



# ATTACHMENT E

## PENSION PROTECTION ACT (PPA) OPTIONAL PROVISION ELECTION FORM

Please return this document to ICMA-RC in order to indicate your desired elections relating to the below optional provisions included in the PPA.

Plan Number: 301601

Name of Employer: CITY OF CHANDLER State: ARIZONA

I. Type of Plan: 457 Deferred Compensation

II. Plan Document Type:

- ICMA-RC Model Plan Document
- Individually Designed Plan Document

III. Optional Provisions:

a. Non-spouse beneficiary rollovers to Inherited IRAs are permitted under the plan.

- Yes
- No

b. Tax-free withdrawals for the payment of qualifying insurance premiums for eligible retired public safety officers are available under the plan.

- Yes
- No

c. Emergency withdrawals for certain events relating to a participant's primary beneficiary are available under the plan.

- Yes
- No

### EMPLOYER

Name: CITY OF CHANDLER  
(Please print)

Title: Boyd W. Dunn, Mayor

Signature: \_\_\_\_\_

This executed election form should be mailed in the enclosed postage-paid envelope, or mailed to:

ICMA-RC  
Attention: New Business Analyst  
777 North Capitol Street NE  
Washington, DC 20002-4240

APPROVED AS TO FORM

\_\_\_\_\_  
CITY ATTORNEY  
*skr*