

O-16-91

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE RETIREMENT SYSTEM OF THE CITY OF NORTH LITTLE ROCK REGARDING CONTRIBUTIONS, SERVICE RETIREMENT ALLOWANCES, AND DEATH AND SEPARATION BENEFITS; DECLARING AN EMERGENCY; AND FOR OTHER PURPOSES.

WHEREAS, pursuant to Ordinance No. 8144, adopted January 26, 2009, the City of North Little Rock restated and amended the current Retirement System of the City of North Little Rock ("Pension Plan"), thereafter amended through adoption of Ordinance Nos. 8304, 8402 and 8494; and

WHEREAS, the Plan provides in Article IX, Section 3.9.2 for its amendment from time to time by the City Council; and

WHEREAS, there is a need to amend the Plan regarding Accumulated Contributions, Service Retirement Allowances and Death and Separation Benefits.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the current Retirement System of the City of North Little Rock is hereby amended as set forth in Exhibit "A" attached hereto and incorporated by reference.

SECTION 2: That pursuant to Section 2.2.2 (b) of the amendment attached hereto, the City's contribution to the pension fund for 2017 has been increased from 6% to 9% of the member employee's salary, and is included in the 2017 Budget for the City.

SECTION 3: That all ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict.

SECTION 4: That the provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall be declared or held invalid, such invalidity shall not affect the remainder of the sections, phrases or provisions.

SECTION 5: It is hereby found and determined that there is a need for the City to adopt amendments to its pension plan from time to time based on recommendations from the Pension Board, and these amendments should be made effective January 1, 2017; THEREFORE an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

Joe A. Smith
Mayor Joe A. Smith

ATTEST:

Diane Whitbey
Diane Whitbey, City Clerk

APPROVED AS TO FORM:

C. Jason Carter
C. Jason Carter, City Attorney

FILED 11:45 A.M. _____ P.M.

By Jason Carter

DATE 12/20/14

**Diane Whitbey, City Clerk and Collector
North Little Rock, Arkansas**

RECEIVED BY Diane Whitbey

**AMENDMENT TO THE
RETIREMENT SYSTEM OF THE
CITY OF NORTH LITTLE ROCK**

The Retirement System of the City of North Little Rock, Arkansas ("the Plan") as amended and restated effective January 1, 2013 is hereby amended, effective as of January 1, 2017, as follows:

1. Substitute the following Section 1.2.2 of the Plan defining "Accumulated Contributions" for the previously adopted Section:

"1.2.2 "Accumulated Contributions": For a Member, the sum of the following:

(a) The Member Contribution Account; and

(b) The amount of City Contributions made for the benefit of such Member limited to a maximum of six percent (6%) of the Member's total Compensation paid to him by the City."

2. Substitute the following Section 2.2.2 of the Plan for the previously adopted Section:

"2.2.2 City Contributions. The City may contribute from time to time such amounts in cash or property as the City determines. The City intends, but does not guarantee, to make contributions to provide the benefits provided by the benefit formula specified in the Plan, and payable as set forth below. Benefits shall be limited to the extent funded in the Trust, and nothing contained herein shall be construed as imposing any obligation on the Employer to continue its contributions hereunder or following any suspension of contributions to resume or thereafter to continue his contributions. No temporary suspension of contributions by the City shall be deemed a termination of the Plan.

Subject to the foregoing, at the end of each month, the City shall pay into the Retirement Fund:

(a) A certain percentage of the aggregate amount of Compensation for all Members known as the "Current Service Contribution" to provide the City's part of disability retirement allowance, death benefits, and portions of the service retirement allowances to be granted on account of future service.

(b) A certain percentage of the aggregate amount of Compensation for all Members known as the "Prior Service Contribution."

The City's aggregate monthly payment in satisfaction of the above shall be a fixed percentage of the total Compensation of each Member, such percentage to be at least six percent (6%) and determined and adopted annually by the City Council in advance of each Plan Year.

All payments of the City into the Retirement Fund are hereby made obligations of the City. The City Council shall appropriate annually amounts necessary to make such payments.”

3. Substitute the following Sub-Section 2.3.3(a) of the Plan for the previously adopted Sub-Section:

“2.3.3 Service Retirement Allowances.

(a) Normal Retirement Allowance. Upon reaching his Normal Retirement Date, a Member other than an elected official shall be entitled to receive a lifetime Normal Retirement Allowance equal to the monthly benefit determined under the following formula:

(1) 1.8% of the Member's Final Average Compensation multiplied by the Member's number of Years of Credited Service; or

(2) Effective with the passage of City Ordinance 7760 on November 28, 2005, and effective for Members employed on that date and thereafter, 2.0% of the Member’s Final Average Compensation multiplied by the Member’s number of Years of Credited Service if the following criteria are met:

(i) The Member has a minimum of twenty (20) Years of Credited Service; and

(ii) The Member has attained the age of sixty-five (65) years.

A Member who is an elected official shall receive a lifetime monthly Normal Retirement Allowance equal to one-half (1/2) of his highest twelve-month Compensation, not to exceed an aggregate of \$15,000.00 per annum.

However, any Member who terminates his City Service upon reaching his Normal Retirement Date shall have the option to elect to receive the amount of his Accumulated Contributions increased with four percent (4%) interest to the last day of the month that includes the date of his termination of employment in a lump sum payment in lieu of a Normal Retirement Allowance as set out in this Section.

The Normal Retirement Allowance of each Member shall not be less than the largest periodic benefit that is payable to the Member upon separation from service at or prior to his Normal Retirement Age exclusive of Social Security supplements, premiums on disability or term insurance, and the value of disability benefits not in excess of the Normal Retirement Benefit. For purposes of comparing periodic benefits in the same form, commencing prior to or at Normal Retirement Age, the greater benefit is determined by converting the benefit

payable at Normal Retirement Age into the same form of annuity benefit payable at Normal Retirement Age and comparing the amount of such annuity payments.”

4. Substitute the following Sub-Section 2.3.3(c)(1) of the Plan for the previously adopted Sub-Section:

“2.3.3 Service Retirement Allowances.

...

(c) Disability Retirement Allowance.

(1) Any Member who becomes eligible to exercise the Disability Retirement Allowance option under the terms of Section 2.3.2(c) shall have the option to either:

(i) Take a lump sum payment at the time of his commencement of disability equal to his vested Accumulated Contributions as of the date of the Member’s commencement of disability; or

(ii) If the Member has reached the age of fifty (50) at the time of his commencement of disability and he has completed the number of Years of Credited Service provided in Section 2.3.2(c), receive a Normal Retirement Allowance as provided for in Section 2.3.3(a).”

5. Substitute the following Sub-Section 2.3.4(c) of the Plan for the previously adopted Sub-Section:

“2.3.4 Death Benefits.

...

(c) **Death After Retirement.** If a Member shall die following his Normal Retirement or Early Retirement from City Service, his Beneficiaries will receive the excess, if any, of the Member’s vested Accumulated Contributions, increased with four percent (4%) interest to the last day of the month that includes the date of his retirement, over the retirement benefits previously received by such Member.”

6. Substitute the following Section 2.3.5 of the Plan for the previously adopted Section:

“2.3.5 Separation Benefits.

(a) Any Member terminating his City Service without being eligible for Normal Retirement, Early Retirement or Disability Retirement, all as defined herein, shall in such event receive in a lump sum payment his vested Accumulated Contributions increased with four percent (4%) interest to the last day of the month that includes the date of his termination of employment. Provided however, that any such Member who terminates his City Service and who then has a one hundred percent (100%) vested and nonforfeitable interest in his City Contributions account shall have the option to select one (1) of the following forms of Separation Benefits:

(1) The Member may receive his vested Accumulated Contributions increased as set out above in a lump sum payment; or

(2) Upon reaching Normal Retirement Age, the Member may receive a Normal Retirement Allowance as set out in Section 2.3.3(a) above; or,

(3) If the Member has not reached age sixty-two (62) at his date of termination of employment, the Member may receive his vested Accumulated Contributions increased with four percent (4%) interest to the last day of the month that includes the date of his termination of employment in lieu of a pension.

(b) The Member must exercise one (1) of the options listed above in section 2.3.5(a) within thirty (30) days of his separation from City Service.”

IN WITNESS WHEREOF, the Employer has caused this Amendment to be executed on December _____, 2016.

EMPLOYER:
CITY OF NORTH LITTLE ROCK

By: _____

Title: _____