

ORDINANCE NO. \_\_\_\_\_

1 AN ORDINANCE amending Title 2 of the Lincoln Municipal Code relating to  
2 establishing an appropriate funding level for the City’s Police and Fire Pension plans.

3 WHEREAS, the City’s Police and Fire Pension plans are currently underfunded; and

4 WHEREAS, the fiscally prudent approach is to adopt a funding approach which will  
5 gradually restore the pension plans to full funding.

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

7 Section 1. That Section 2.62.010 of the Lincoln Municipal Code be amended to read as  
8 follows:

9 **2.62.010 Establishment of Police and Fire Pension Plan.**

10 The City hereby establishes a retirement plan for all commissioned police and  
11 firefighters to be known as the Police and Fire Pension Plan “A”. The City’s annual contribution  
12 shall be determined pursuant to the Funding Policy detailed in Appendix B which~~City normal~~  
13 ~~cost contributions inclusive of administrative expenses determined as a result of an actuarial~~  
14 ~~evaluation~~ shall be placed in the “Police and Fire Pension Fund” by no later than the end of the  
15 fiscal year ~~end August 31, 2012~~. The plan is intended to meet the requirements of Internal  
16 Revenue Code Sections 401(a) and 414(k).

17 Section 2. That Section 2.62.020 of the Lincoln Municipal Code be amended to read as  
18 follows:

19 **2.62.020 Definitions.**

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

1           **Actuarial equivalent.** The computation of the actuarial equivalent shall be according to  
2 | the group annuity mortality table ~~1971~~, and ~~interest of six,~~ actuarially assumed earnings rate  
3 percent per annum compounded annually.

4           **Age and service retirement benefits** shall include pension benefits payable to members  
5 who meet applicable age and service requirements and who elect to retire, and shall not include  
6 disability retirement benefits.

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

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

10          **Disability retirement benefit** shall mean a benefit payable as a result of permanent and  
11 total disability while in the commissioned service of the City.

12          **DROP** shall mean the Deferred Retirement Option Plan as provided in Section 2.62.045.  
13 The Deferred Retirement Option Plan shall be treated as a defined contribution plan for Police  
14 and Fire Plan A members. The DROP is intended to meet the requirements of Internal Revenue  
15 Code Section 414(i).

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

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

22          **Eligible pension benefit payment** shall mean regular age and service retirement benefits  
23 determined in accordance with Sections 2.62.050 and 2.62.110(c) of the plan but frozen as of the  
24 date the DROP is elected by the member.

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

3           **Member** shall mean any individual in the commissioned fire or police service of the City  
4 who, pursuant to Section 2.62.200 of this chapter, elected to make required contributions of eight  
5 percent (8%) of base pay to the plan, and any individual whose employment in the commissioned  
6 police or fire service commences on or after the operative date of this plan; provided, however,  
7 the Police Chief and the Fire Chief shall not be eligible to participate in this plan.

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

10          **Normal retirement age** shall be attained age fifty.

11          **Partial annuity benefit** shall mean a benefit payable to a member who terminates  
12 employment after completing ten years of service, but before completing twenty-one years of  
13 service.

14          **Plan** shall mean the Police and Fire Defined Benefit Pension Plan, Pension Plan “A” of  
15 the City.

16          **Regular interest** shall mean the rate of interest earned each calendar month, as  
17 determined by the City in conformity with the actual earnings on investments of the Police and  
18 Fire Pension Fund. Whenever such interest is required to be credited to any member under the  
19 provisions of this title, such interest during any calendar month or portion of such month shall be  
20 based upon his or her accumulated contributions, plus regular interest thereon, on the first day of  
21 that month.

22          **Regular pay** shall mean the member’s base pay and the City’s contributions to the Post  
23 Employment Health Plan (PEHP) for the last consecutive twenty-six bi-weekly pay periods. In

1 case of a demotion, or out of class pay, it shall mean the highest consecutive twenty-six bi-  
2 weekly pay periods.

3 **Required contributions** shall mean contributions of eight percent (8%) of a member's  
4 base pay.

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

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

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

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

21 Section 3. That Section 2.65.010 of the Lincoln Municipal Code be amended to read as  
22 follows:

23 **2.65.010 Establishment of Police and Fire Pension Plan.**

1 The City hereby establishes a retirement plan for all commissioned police and  
2 firefighters to be known as the Police and Fire Pension Plan “B”. The City’s annual contribution  
3 shall be determined pursuant to the Funding Policy detailed in Appendix B which~~City normal~~  
4 ~~cost contributions inclusive of administrative expenses determined as a result of an actuarial~~  
5 ~~evaluation~~ shall be placed in the “Police and Fire Pension Fund” by no later than the end of the  
6 fiscal year ~~end August 31, 2012~~. The plan is intended to meet the requirements of Internal  
7 Revenue Code Sections 401(a) and 414(k).

8 Section 4. That Section 2.65.020 of the Lincoln Municipal Code shall read as follows:

9 **2.65.020 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 to  
13 the group annuity mortality table ~~1971~~, and ~~interest of six,~~ actuarially assumed earnings rate  
14 percent per annum compounded 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 include  
17 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 **Disability retirement benefit** shall mean a benefit payable as a result of permanent and  
22 total disability while in the commissioned service of the City.

23 **DROP** shall mean the Deferred Retirement Option Plan as provided in Section 2.65.045.  
24 The Deferred Retirement Option Plan shall be treated as a defined contribution plan for Police

1 and Fire Plan B members. The DROP is intended to meet the requirements of Internal Revenue  
2 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 be  
5 set forth in the applicable mayoral executive order for Plan B 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 2.65.050 and 2.65.110(c) of the plan but frozen as of the  
11 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 City  
15 who, pursuant to Section 2.65.200 of this chapter, elected to make required contributions of eight  
16 percent (8%) of base pay to the plan, and any individual whose employment in the commissioned  
17 police or fire service commences on or after the operative date of this plan; provided, however,  
18 the Police Chief and the Fire Chief shall not be eligible to participate in this plan.

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

21 **Normal retirement age** shall be attained age fifty.

22 **Partial annuity benefit** shall mean a benefit payable to a member who terminates  
23 employment after completing ten years of service, but before completing twenty-one years of  
24 service.

1           **Plan** shall mean the Police and Fire Defined Benefit Pension Plan, Pension Plan “B” of  
2 the City.

3           **Regular interest** shall mean the rate of interest earned each calendar month, as  
4 determined by the City in conformity with the actual earnings on investments of the Police and  
5 Fire Pension Fund. Whenever such interest is required to be credited to any member under the  
6 provisions of this title, such interest during any calendar month or portion of such month shall be  
7 based upon his or her accumulated contributions, plus regular interest thereon, on the first day of  
8 that month.

9           **Regular pay** shall mean the member’s base pay and the City’s contributions to the Post  
10 Employment Health Plan (PEHP) for the last consecutive twenty-six bi-weekly pay periods. In  
11 case of a demotion, or out of class pay, it shall mean the highest consecutive twenty-six bi-  
12 weekly pay periods.

13           **Required contributions** shall mean contributions of eight percent (8%) of a member’s  
14 base pay.

15           **Retire or retirement** shall mean the termination of service in the commissioned fire or  
16 police service of the City upon or after fulfilling all conditions of eligibility for retirement, and  
17 shall include regular, early, and disability retirement.

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

21           **Total disability** shall mean (a) the physical incapacity of a member to perform the work  
22 of a firefighter or police officer resulting from violence to the physical structure of the body and  
23 such physical disease or infection as naturally results therefrom, or (b) mental disorder  
24 (excluding mental deficiency and personality disorder) of a member, diagnosed in accordance

1 with the American Psychiatric Association Manual, 1980 Edition, which is sufficiently severe so  
2 as to warrant a minimum rating of fifty percent under the general rating formula set forth in 38  
3 C.F.R. § 4.132 (7-1-93 Edition) [See Appendix A].

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

7 Section 5. That Section 2.66.010 of the Lincoln Municipal Code be amended to read as  
8 follows:

9 **2.66.010 Establishment of Police and Fire Pension Plan.**

10 The City hereby establishes a retirement plan for all commissioned police and  
11 firefighters to be known as the Police and Fire Pension Plan “C”. The City’s annual contribution  
12 shall be determined pursuant to the Funding Policy detailed in Appendix B which~~City normal~~  
13 ~~cost contributions inclusive of administrative expenses determined as a result of an actuarial~~  
14 ~~evaluation~~ shall be placed in the “Police and Fire Pension Fund” by no later than the end of the  
15 fiscal year ~~end August 31, 2012~~. The plan is intended to meet the requirements of Internal  
16 Revenue Code Sections 401(a) and 414(k).

17 Section 6. That Section 2.66.020 of the Lincoln Municipal Code shall read as follows:

18 **2.66.020 Definitions.**

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

21 **Actuarial equivalent.** The computation of the actuarial equivalent shall be according to  
22 the group annuity mortality table ~~1971~~, and ~~interest of six,~~ actuarially assumed earnings rate  
23 percent per annum compounded annually.



1           **Age and service retirement benefits** shall include pension benefits payable to members  
2 who meet applicable age and service requirements and who elect to retire, and shall not include  
3 disability retirement benefits.

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

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

7           **Disability retirement benefit** shall mean a benefit payable as a result of permanent and  
8 total disability while in the commissioned service of the City.

9           **DROP** shall mean the Deferred Retirement Option Plan as provided in Section 2.66.045.  
10 The Deferred Retirement Option Plan shall be treated as a defined contribution plan for Police  
11 and Fire Plan C members. The DROP is intended to meet the requirements of Internal Revenue  
12 Code Section 414(i).

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

16           **DROP period** shall mean the amount of time the member elects to participate in the  
17 DROP which shall be for a period not to exceed five years from and after the date of the  
18 member’s DROP election.

19           **Eligible pension benefit payment** shall mean regular age and service retirement benefits  
20 determined in accordance with Sections 2.66.050 and 2.66.110(c) of the plan but frozen as of the  
21 date the DROP is elected by the member.

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

1           **Member** shall mean any individual in the commissioned fire or police service of the City  
2 who, pursuant to Section 2.66.200 of this chapter, elected to make required contributions of eight  
3 percent (8%) of base pay to the plan, and any individual whose employment in the commissioned  
4 police or fire service commences on or after the operative date of this plan; provided, however,  
5 the Police Chief and the Fire Chief shall not be eligible to participate in this plan.

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

8           **Normal retirement age** shall be attained age fifty.

9           **Partial annuity benefit** shall mean a benefit payable to a member who terminates  
10 employment after completing ten years of service, but before completing twenty-one years of  
11 service.

12           **Plan** shall mean the Police and Fire Defined Benefit Pension Plan, Pension Plan “C” of  
13 the City.

14           **Regular interest** shall mean the rate of interest earned each calendar month, as  
15 determined by the City in conformity with the actual earnings on investments of the Police and  
16 Fire Pension Fund. Whenever such interest is required to be credited to any member under the  
17 provisions of this title, such interest during any calendar month or portion of such month shall be  
18 based upon his or her accumulated contributions, plus regular interest thereon, on the first day of  
19 that month.

20           **Regular pay** shall mean the member’s base pay and the City’s contributions to the Post  
21 Employment Health Plan (PEHP) for the last consecutive twenty-six bi-weekly pay periods. In  
22 case of a demotion, or out of class pay, it shall mean the highest consecutive twenty-six bi-  
23 weekly pay periods.

1           **Required contributions** shall mean contributions of eight percent (8%) of a member's  
2 base pay.

3           **Retire or retirement** shall mean the termination of service in the commissioned fire or  
4 police service of the City upon or after fulfilling all conditions of eligibility for retirement, and  
5 shall include regular, 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 after  
8 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 and  
11 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 so  
14 as to warrant a minimum rating of fifty percent under the general rating formula set forth in 38  
15 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 credit  
18 for service shall be computed on a prorata basis.

19           Section 7. That Sections 2.62.010, 2.62.020, 2.65.010, 2.65.020, 2.66.010, and 2.66.020  
20 of the Lincoln Municipal Code as hitherto existing be and the same are hereby repealed.

21           Section 8. Pursuant to Article VII, Section 7 of the City Charter, this ordinance shall be  
22 posted on the official bulletin board of the City, located on the wall across from the City Clerk's  
23 office at 555 S. 10th Street, in lieu of and in place of newspaper publication with notice of  
24 passage and such posting to be given by publication one time in the official newspaper by the

- 1 City Clerk. This ordinance shall take effect and be in force from and after its passage and
- 2 publication as herein and in the City Charter provided.

Introduced by:

\_\_\_\_\_

Approved as to Form & Legality:

\_\_\_\_\_  
City Attorney

Approved this \_\_\_ day of \_\_\_\_\_, 2017:

\_\_\_\_\_  
Mayor