

First Reading: January 19, 2016  
Second Reading: January 26, 2016

**ORDINANCE NO. 13023**

**AN ORDINANCE TO AMEND CHATTANOOGA CITY  
CODE PART II, CHAPTER 2, RELATIVE TO THE  
GENERAL PENSION PLAN.**

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Whereas, the Board of Directors of the General Pension Plan have recommended to the City Council the adoption of certain changes relating to the General Pension Plan to bring it into compliance with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, and to make certain technical corrections, as set forth herein;

Whereas, the changes to the General Pension Plan adopted herein are not inconsistent with sound actuarial principles, methods, and actuarial assumptions; and

Whereas, these changes shall not in any way decrease any vested financial benefits accrued by any participant or beneficiary of the General Pension Plan.

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA,  
TENNESSEE,

SECTION 1. That the Chattanooga City Code, Part II, Chapter 2, Sec. 2-303(11) be and is hereby amended by the addition of the following to the definition of "Earnings":

- A. Notwithstanding any other provision of law, the amount of Earnings used to determine the benefits payable under the Plan must not exceed the amount of compensation permitted to be taken into account under Code Section 401(a)(17) as such existed on January 1, 1986.

- B. Earnings, for purposes of the limitations under Code Sections 415 and 401(a)(17), the computation of benefits payable from the Plan and contributions, shall include any elective deferral, as defined under Code Section 402(g)(3), and any amount that is contributed or deferred by the City of Chattanooga at the election of a member and which, by reason of Sections 125 and 457 of the Code, is not includible in his gross income.

The Earnings described in Subsection B. above, taken into account in determining benefit accruals in any year beginning after December 31, 2001 shall not exceed the limit set out in Code Section 401(a)(17). For this purpose, annual compensation means compensation during the calendar year or such other consecutive twelve (12) month period over which compensation is determined under the Plan (the "determination period"). The limit on annual compensation shall be adjusted for cost-of-living increases in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

SECTION 2. That the Chattanooga City Code, Part II, Chapter, 2, Section 2-303 be and is hereby amended by adding a new Subsection 23, as follows:

23. The term "Code" means the Internal Revenue Code of 1986, as amended.

SECTION 3. That the Chattanooga City Code, Part II, Chapter 2, be and hereby is amended by adding a new Section 2-320 thereto, as follows:

**Section 2-320. Compliance with Requirements of Internal Revenue Code**

The following provisions are intended to cause the Plan to comply with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

- A. **Exclusive Benefit to Employees.** All assets in the Plan must be used exclusively for the benefit of participants or their beneficiaries or to defray the reasonable expenses of administration of the Plan.
- B. **Mandatory Commencement of Benefits.** Notwithstanding any provision of the Plan to the contrary, the Plan will begin benefit payments to a participant by the Required Beginning Date, whether or not he/she applies for benefits. The "Required Beginning Date" is April 1 of the calendar year following the calendar year in which the member attains age 70 ½.
- C. **Maximum Limitation.**
- a. Aggregate Limits. For any limitation year the annual benefit cannot exceed the limitations set forth under Code Section 415(b) and the regulations thereunder, as applicable to a governmental plan (as defined in

Code Section 414(d)), as indexed in accordance with Code Section 415(d), which are hereby incorporated by reference, including the definition of compensation under Code Section 415(c). The limitation year shall be the calendar year.

If the Plan must be aggregated with another plan to determine the effect of Code Section 415 on a participant's annual benefit, and if the benefit must be reduced to comply with Code Section 415, then such reduction shall be made pro rata between the two plans, in proportion to the participant's credited service in each plan.

b. Definition. The participant's accrued benefit shall not exceed the maximum permissible benefit, as defined below.

1. Defined Benefit Dollar Limitation. The "defined benefit dollar limitation" is \$160,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary of the Treasury shall prescribe, and payable in the form of a straight life annuity. A limitation as adjusted under Code Section 415(d) will apply to calendar years ending with or within the calendar year for which the adjustment applies.

2. Maximum Permissible Benefit. The "maximum permissible benefit" is the defined benefit dollar limitation, adjusted where required, as provided in subparagraphs (a), (b) and (c) below.

(a) Fewer Than 10 Years of Participation. If the participant has fewer than 10 years of participation in the Plan, the defined benefit dollar limitation shall be multiplied by a fraction, the numerator of which is the number of years (or part thereof) of participation in the Plan and the denominator of which is 10.

(b) Benefits Beginning After Age 65. If the benefit of a participant begins after the member attains age 65, the defined benefit dollar limitation applicable to the participant at the later age is the annual benefit payable in the form of a straight life annuity beginning at the later age that is actuarially equivalent to the defined benefit dollar limitation applicable to the participant at age 65 (adjusted under subparagraph (a) above, if required).

(c) Benefits Not Payable As A Straight Life Annuity. Where a benefit from the Plan is payable in a form other than a straight life annuity, the benefit shall be adjusted to an actuarially equivalent straight life

annuity that begins at the same time as such other form of benefit.

For purposes of subparagraphs (a), (b), and (c) above, the determination of actuarial equivalent shall be made in accordance with the applicable provision of Code Section 415(b)(2)(E) and related regulations and rulings.

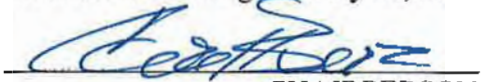
- D. **Qualified Military Service.** Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit for the purpose of vesting with respect to qualified military service will be provided in accordance with and to the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Code Section 414(u), under rules adopted by the Board.

SECTION 4. That the Chattanooga City Code, Part II, Chapter 2, Section 2-306(6), be and hereby is amended by the addition of a new subsection (h) containing the following:

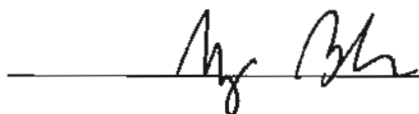
- (h) Except as hereinafter provided, no employee shall be entitled to disability benefits under this Section as a result of injury or disease sustained by the participant while serving in the Armed Forces or as a result of warfare. Notwithstanding the foregoing, in the case of a death or disability occurring on or after January 1, 2007, if a member dies while performing qualified military service (as defined in Section 414(u) of the Internal Revenue Code of 1986), as amended, the survivors of the participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the participant had resumed and then terminated employment on account of death.

That this Ordinance shall take effect immediately after its passage.

Passed on second and final reading: January 26, 2016

  
CHAIRPERSON

APPROVED:  DISAPPROVED:

  
MAYOR

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