

ORDINANCE NO. 2022-04

(GENERAL EMPLOYEES' PENSION FUND)

AN ORDINANCE OF THE VILLAGE COUNCIL OF THE VILLAGE OF PALM SPRINGS, FLORIDA AMENDING ORDINANCE NO. 2017-26 ADOPTED OCTOBER 12, 2017; AMENDING SECTION 39, IRC QUALIFICATION; AMENDING SECTION 40, REQUIRED DISTRIBUTIONS; PROVIDING FOR SEVERABILITY OF PROVISIONS; PROVIDING FOR PUBLICATION; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Village of Palm Springs provides for a pension plan for its general employees;

WHEREAS, changes to the Internal Revenue Code happen quickly and frequently. There is a benefit in authorizing the Board to make appropriate changes to the Plan in order to maintain the Plan's tax qualified status;

WHEREAS, effective January 1, 2020, the Internal Revenue Code was amended by increasing the required minimum distribution age from 70½ to 72;

WHEREAS, to implement the change, it is necessary to amend the Plan; and

WHEREAS, the Village Council has determined it is in the best interest of the Plan and the Village citizens to amend the Plan.

NOW THEREFORE, BE IT ORDAINED BY THE VILLAGE COUNCIL OF THE VILLAGE OF PALM SPRINGS, FLORIDA:

Section 1. The foregoing recitals are adopted herein as true and correct finding of fact and conclusions of law of the Village Council.

Section 2. Section 39, IRC Qualification, of the Plan document is hereby amended as follows:

Section. 39. IRC Qualification.

- a. The Village intends the Pension Plan to be a qualified plan under the applicable provisions of Section 401 (a) of the Internal Revenue Code and that the related trust be an exempt organization under Section 5-1 of the Internal Revenue Code. Any provision of this retirement ordinance to the contrary notwithstanding, the Pension Board shall at all times administer the Pension Plan so as to fulfill this intent and to comply with the applicable provisions of Section 415 of the Internal Revenue Code and the corresponding Treasury Regulations applicable to a governmental defined benefit retirement plan. The sum of the defined benefit fraction and the defined contribution fraction, both as defined in Section 415 of the Internal Revenue Code, applicable to a Participant who is also a Participant in a defined contribution plan maintained by the Village shall not exceed 1.0.
- b. In recognition of the changing requirements of plan qualification, the Pension Board shall adopt an administrative policy setting forth the nondiscretionary and required provisions for tax qualification, which shall become final only after approval by the Village Council. The administrative policy may be temporarily amended by the Pension Board to reflect nondiscretionary changes to the IRS regulations to maintain the Plan's tax qualification compliance until presented to the Village Council at the next available Council meeting for consideration.

Section 3. Section 40, Required Distributions, of the Plan document is hereby amended as follows:

Section. 40. Required Distributions.

- b. Any and all benefit payments shall begin by April 1 of the calendar year following the calendar year of the member's retirement date; provided however, all Participants who will reach 70 before December 31, 1999 may, at Participant option, elect to begin benefits on April 1 of the calendar year following the calendar year in which the member attains age ~~70½~~ 72, provided the member had not attained age 70½ by December 31, 2019.

- f. If the Participant's death occurs before the distribution of his/her interest in the Plan has commenced, the Participant's entire interest in the Plan shall be distributed within five (5) years of the Participant's death, unless it is to be distributed in accordance with the following rules:
1. The Participant's remaining interest in the Plan is payable to his/her spouse or dependent;
 2. The remaining interest is to be distributed over the life of the spouse, issue or dependent or over a period not extending beyond the life expectancy of the spouse or dependent; and
 3. Such distribution begins within one year of the Participant's death unless the Member's spouse, issue or dependent shall receive the remaining interest in which case the distribution need not begin before the date on which the Member would have attained age ~~70½~~ 72 and if the spouse, issue or dependent dies before the distribution to the spouse, issue or dependent begins, this Section shall be

applied as if the spouse, issue or dependent were the Plan Participant.

Section 4. **Codification.** This ordinance shall be codified in the Code of Ordinances of the Village of Palm Springs, Florida.

Section 5. **Repeal of Conflicting Ordinances.** All ordinances or portions thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 6. **Severability.** If any word, clause, sentence, paragraph, section or part thereof contained in this Ordinance is declared to be unconstitutional, unenforceable, void or inoperative by a court of competent jurisdiction, such declaration shall not affect the validity of the remainder of this ordinance.

Section 7. **Effective Date.** Except as otherwise provided, this Ordinance shall become effective upon adoption.

(THIS SPACE INTENTIONALLY LEFT BLANK)

Council Member Waller offered the foregoing Ordinance and moved its adoption. The motion was seconded by Council Member Gunther and upon being put to a vote, the vote was as follows:

	<u>Aye</u>	<u>Nay</u>	<u>Absent</u>
BEV SMITH, MAYOR	✓		
DOUG GUNTHER, VICE MAYOR	✓		
JONI BRINKMAN, MAYOR PRO TEM	✓		
PATTI WALLER, COUNCIL MEMBER	✓		
GARY READY, COUNCIL MEMBER	✓		

The Mayor thereupon declared this Ordinance approved and adopted by the Village Council of the Village of Palm Springs, Florida, on second reading, this 17th day of July, 2022.

VILLAGE OF PALM SPRINGS, FLORIDA
BY: [Signature]
BEV SMITH, MAYOR

First Reading June 9, 2022

Second Reading July 7, 2022

ATTEST

BY:

[Signature]

KIMBERLY M. WYNN, VILLAGE CLERK

REVIEWED FOR LEGAL FORM AND SUFFICIENCY

BY:

[Signature]

GLEN J. TORCIVIA, VILLAGE ATTORNEY





Village of Palm Springs

Executive Brief

AGENDA DATE: July 7, 2022

DEPARTMENT: Administration

ITEM #6: Ordinance No. 2022-04 - Amendment to the General Employees Pension Plan (*Second Reading*)

SUMMARY: The Village General Employees' Pension Plan Board of Trustees requested an actuarial review of the General Employee Pension Plan. Based on their review, several amendments were recommended. Ordinance No. 2022-04 is presented before the Village Council to consider approval of a recommended change that was effective as of January 1, 2020. The Internal Revenue Code was amended to increase the required minimum distribution age from 70½ to 72.

Ordinance No. 2022-04 was advertised in the Lake Worth Herald on Thursday, June 23, 2022.

The proposed ordinance is being presented for consideration on the 2nd and final reading.

FISCAL IMPACT:

Proposed Ordinance No. 2022-04 does not have a fiscal impact on the Village.

ATTACHMENTS:

1. Ordinance No. 2022-04 - Proposed IRS - General Employees' Pension Plan