Ordinance No. 122414

Council Bill No. 115896

AN ORDINANCE relating to the Seattle Retirement System; amending Section 4.36.193 of the Seattle Municipal Code to make changes to conform with the Internal Revenue Code regarding direct rollovers of distributions.

CF No. _____

Date Introduced: 5-14-07	McIVER
Date 1st Referred: 5-14-07	To: (committee) Finance & Budget
Date Re - Referred:	To: (committee)
Date Re - Referred:	To: (committee)
Date of Final Passage: 6/11/07	Full Council Vote: 8-0
Date Presented to Mayor: 6/12/07	Date Approved: 6/21/07
Date Returned to City Clerk: 6/22/07	Date Published: 4 T.O. ___ F.T. X
Date Vetoed by Mayor:	Date Veto Published:
Date Passed Over Veto:	Veto Sustained:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: Richard McIver
Councilmember

Committee Action:

Wednesday, June 6, 2007 Passed 3/0 RJM, VG, DD

6/11/07 Full Council PASSED 8-0 (excused: Clark)

This file is complete and ready for presentation to Full Council. Committee: _____
(initial/date)

Law Department

Law Dept. Review	OMP Review	City Clerk Review	Electronic Copy Loaded	Indexed

Carlton W. M. Seu/cwms
Ret Bd Rollover ORD
February 28, 2007
Version #2a

ORDINANCE 122414

AN ORDINANCE relating to the Seattle Retirement System; amending Section 4.36.193 of the Seattle Municipal Code to make changes to conform with the Internal Revenue Code regarding direct rollovers of distributions.

WHEREAS, Section 4.36.193 of the Seattle Municipal Code, in accordance with Section 401(a)(31) of the Internal Revenue Code, provides distributees of an eligible rollover distribution the right to have such distribution paid in the form of a direct rollover to an eligible retirement plan; and

WHEREAS, Section 4.36.193 of the Seattle Municipal Code was last amended in 1995; and

WHEREAS, it is necessary to amend to Section 4.36.193 to reflect changes to the Internal Revenue Code's direct rollover requirements made by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), effective for distributions occurring after December 31, 2001, based on model language published by the Internal Revenue Service;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.193 of the Seattle Municipal Code is amended as follows:

SMC 4.36.193 Election to rollover to an eligible retirement plan.

Notwithstanding any provision of the City Employee's Retirement System to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the Board of Administration to have any portion of any eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

The following definitions apply to this Section:

DNS CITY CLERK

A. Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includable in gross income ((~~determined without regard to the exclusion, for net unrealized appreciation with respect to employer securities~~)) unless it is paid to an individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

B. Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code,((~~and~~)) an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, or a qualified trust

EMS CITY CLERK

described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution.((~~However, in the case of an eligible rollover distribution to the surviving spouse an eligible retirement plan is an individual retirement account or individual retirement annuity.~~))

C. Distributee: A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue Code, are distributees with regard to the interest of the spouse or former spouse.

D. Direct rollover: A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

Section 2. The City's Code Reviser is authorized and directed to amend the Seattle Municipal Code accordingly.

FILED CITY CLERK

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 11th day of June, 2007, and signed by me in open session in authentication of its passage this 11th day of June, 2007.

President _____ of the City Council

Approved by me this 21st day of June, 2007.

Gregory J. Nickels, Mayor

Filed by me this 25th day of June, 2007.

City Clerk

(Seal)

SEA CITY CLERK

Carlton W. M. Seu/cwms
Ret Bd Rollover ORD
February 28, 2007
Version #2

Form revised December 4, 2006

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Retirement System	Mel Robertson/615-1424	

Legislation Title:
AN ORDINANCE relating to the Seattle Retirement System; amending Section 4.36.193 of the Seattle Municipal Code to make changes to conform with the Internal Revenue Code regarding direct rollovers of distributions.

- **Summary of the Legislation:**
  This ordinance makes required changes to SMC 4.36.193 in order to conform it with changes in the Internal Revenue Code's requirements concerning direct rollovers of Seattle Retirement System distributions to eligible retirement plans.

- **Background:**
  In accordance with Section 401(a)(31) of the Internal Revenue Code, SMC 4.36.193 allows for the direct rollover of eligible rollover distributions made by the Seattle Retirement System to an eligible retirement plan upon the election by a distributee. SMC 4.36.193 was last amended in 1995. In the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), Congress made changes to the Internal Revenue Code's rollover requirements that expanded the direct rollover rights of participants. These changes were effective January 1, 2002, and the Retirement System has been operated in accordance with them since their effective date. The amendments in this Bill are necessary, however, to bring the language of SMC 4.36.193 into conformity with the Internal Revenue Code.

- *Please check one of the following:*

__X__ **This legislation does not have any financial implications.** (*Stop here and delete the remainder of this document prior to saving and printing.)*

BNS CITY CLERK

City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

April 24, 2007

Honorable Nick Licata
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Licata:

I am transmitting the attached proposed Council Bill that revises SMC 4.36.193 to make it consistent with the Internal Revenue Code's requirements concerning direct rollovers of Seattle Retirement System distributions to eligible retirement plans.

In accordance with Section 401(a)(31) of the Internal Revenue Code, SMC 4.36.193 allows for the direct rollover of eligible rollover distributions made by the Seattle Retirement System to an eligible retirement plan. The Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), revised the Internal Revenue Code, expanding participants rights effective January 1, 2002. The Retirement System has operated in accordance with these changes since their effective date, and is submitting this Bill to bring SMC 4.36.193 into conformity with the Internal Revenue Code.

Thank you for your consideration of this legislation. Should you have questions, please contact Mel Robertson at 206-615-1424.

Sincerely,

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749
Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, Email: mayors.office@seattle.gov
An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

CITY CLERK

STATE OF WASHINGTON – KING COUNTY

--ss.

212840 No.
CITY OF SEATTLE,CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:122414 ORDINANCE

was published on

06/27/07

The amount of the fee charged for the foregoing publication is the sum of $ 181.35, which amount has been paid in full.

JENNIFER A. PATZER NOTARY PUBLIC STATE OF WASHINGTON COMMISSION EXPIRES OCT. 24, 2007

Subscribed and sworn to before me on

06/27/07

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

ORDINANCE 122414

AN ORDINANCE relating to the Seattle Retirement System; amending Section 4.36.193 of the Seattle Municipal Code to make changes to conform with the Internal Revenue Code regarding direct rollovers of distributions.

WHEREAS, Section 4.36.193 of the Seattle Municipal Code, in accordance with Section 401(a)(31) of the Internal Revenue Code, provides distributees of an eligible rollover distribution the right to have such distribution paid in the form of a direct rollover to an eligible retirement plan; and

WHEREAS, Section 4.36.193 of the Seattle Municipal Code was last amended in 1995; and

WHEREAS, it is necessary to amend to Section 4.36.193 to reflect changes to the Internal Revenue Code's direct rollover requirements made by the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), effective for distributions occurring after December 31, 2001, based on model language published by the Internal Revenue Service;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 4.36.193 of the Seattle Municipal Code is amended as follows:

SMC 4.36.193 Election to rollover to an eligible retirement plan.

Notwithstanding any provision of the City Employee's Retirement System to the contrary that would otherwise limit a distributee's election under this section, a distributee may elect, at the time and in the manner prescribed by the Board of Administration to have any portion of any eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

The following definitions apply to this Section:

A. Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includable in gross income ((~~determined without regard to the exclusion, for net unrealized appreciation with respect to employer securities~~)) unless it is paid to an individual retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

B. Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code,((~~and~~)) an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this plan, or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution.((~~However, in the case of an eligible rollover distribution to the surviving spouse an eligible retirement plan is an individual retirement account or individual retirement annuity.~~))

C. Distributee: A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue Code, are distributees with regard to the interest of the spouse or former spouse.

D. Direct rollover: A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

Section 2. The City's Code Reviser is authorized and directed to amend the Seattle Municipal Code accordingly.

Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

Passed by the City Council the 11th day of June, 2007, and signed by me in open session in authentication of its passage this 11th day of June, 2007.

Nick Licata

President of the City Council

Approved by me this 21st day of June, 2007.

Gregory J. Nickels, Mayor

Filed by me this 22nd day of June, 2007.

(Seal) Judith Pippin

City Clerk

Publication ordered by JUDITH PIPPIN, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, June 27, 2007.

6/27(312840)