

**ORDINANCE 17-O-06** amending Appendix C, Employees' Revised Pension Trust Agreement, of the Murfreesboro City Code, to comply with state law relative to qualified domestic relations orders.

**WHEREAS**, it is the Pension Committee's recommendation that for purposes of administrative ease and efficiency, the Plan honor claims presented under a qualified domestic relations order ("QDRO") only if the QDRO provides an alternate payee (most typically, a Participant's or Retired Participant's former spouse) with a shared interest, as opposed to a separate interest, in a Participant's or Retired Participant's benefit; and

**WHEREAS**, as of July 1, 2016, state law requires qualified pension plans of Tennessee local governments to recognize a QDRO, regardless of whether the provisions of the order relate to the provision of marital property for the benefit of the former spouse of the qualified plan's participant; and,

**WHEREAS**, the City's pension plan needs to be amended to comply with the new state law; and,

**WHEREAS**, the Pension Committee reviewed and decided to recommend these amendments to the City Council at its Committee meeting on February 8, 2017.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MURFREESBORO, TENNESSEE, AS FOLLOWS:**

SECTION 1. Appendix C of the Murfreesboro City Code is hereby amended by deleting the existing Section 4.10 and in lieu thereof inserting the following Section 4.10 to said appendix:

"Effective July 1, 2016, pursuant to TCA §26-2-105 as amended, the Plan will honor claims presented under a qualified domestic relations order (QDRO). If a QDRO pertains to a Retired Participant who is already receiving benefits from the Plan, the alternate payee shall share in the payments being made to the Retired Participant, and shall not be allowed to change the payment method or the timing of the payments. If a QDRO pertains to a Participant who has not commenced benefit payments from the Plan, the alternate payee shall not be permitted to receive benefit payments from the Plan until the Participant begins receiving payments, and then the alternate payee shall receive the payments authorized under the QDRO in the manner and timing of payments elected by the Participant. The Plan shall not accept a QDRO that provides the alternate payee with a separate interest in a Participant's or Retired Participant's benefit.

The Pension Committee shall be responsible for the review and processing of a QDRO; it may, in its discretion, further delegate some or all of such responsibility to a City employee or third party, provided the ultimate authority for the determination of the qualified status of a domestic relations order remains with the Pension Committee. The Pension Committee will establish reasonable procedures to determine the qualified status of a domestic relations order.

As used in this Appendix C, "QDRO" and "alternate payee" have the meaning ascribed to them in §414(p)(1)(A)(i) and §414(p)(8), respectively, of the Internal Revenue Code of 1986, as amended."

SECTION 2. Appendix C of the Murfreesboro City Code is hereby also amended by deleting the existing definitions of "Eligible Retirement Plan" and "Distributee" in Section 9.04 to said appendix and inserting in lieu thereof the following definitions in alphabetic order:

“Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified trust described in Code section 401(a), that accepts the distributee’s eligible rollover distribution. An eligible retirement plan shall also mean an annuity contract described in Code section 403(b) and an eligible plan under Code section 457(b) 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 the Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to an alternate payee under a qualified domestic relations order, as described in Section 4.10.

Distributee: A distributee includes a Participant or former Participant. In addition, a “distributee” includes a Participant’s or former Participant’s surviving spouse and/or an alternate payee under a qualified domestic relations order, as described in Section 4.10.

Effective for distributions made after December 31, 2009, a distributee also includes Participant’s nonspouse beneficiary. However, in the case of a nonspouse beneficiary, the rollover must be a direct rollover and only can be made to an individual retirement account or annuity described in Code section 408(a) or 408(b) (“IRA”) that is established on behalf of the beneficiary and will be treated as an inherited IRA pursuant to Code section 402(c)(ii). Also, in the case of a nonspouse beneficiary, the determination of any required minimum distribution under Code section 401(a)(9) that is ineligible for rollover shall be made in accordance with IRS Notice 2007-7, Q&A 17 and 18. If a nonspouse beneficiary receives a distribution from the Plan, the distribution is not eligible for a 60-day (nondirect) rollover.

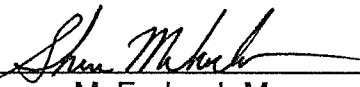
If the Participant’s named beneficiary is a trust, the Plan may make a direct rollover to an IRA on behalf of the trust, provided the trust satisfies the requirements to be a designated beneficiary with the meaning of Code section 401(a)(9)(E).”

SECTION 3. That this Ordinance shall take effect immediately after its passage upon second and final reading as an emergency exists, and the public welfare and the welfare of the City require its adoption as an emergency ordinance.

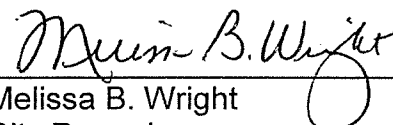
Passed:

1<sup>st</sup> reading March 23, 2017


2<sup>nd</sup> reading April 6, 2017

  
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Shane McFarland, Mayor

ATTEST:

  
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Melissa B. Wright  
City Recorder

APPROVED AS TO FORM:

  
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Craig D. Tindall  
City Attorney

SEAL