

AN ORDINANCE establishing an employee benefit plan to replace specific Social Security benefits.

WHEREAS, Federal Law 42 U.S.C. &418(g) (1) permits public employees to withdraw from the Social Security system; and,

WHEREAS, the employees of the City of Gig Harbor voted in 1980 to withdraw from the Social Security system; and,

WHEREAS, the mandatory two year waiting period expires December 31, 1982; and,

WHEREAS, the City Council determined that an alternative plan will continue three primary benefits: survivor, long-term disability, and retirement; NOW, THEREFORE,

The City Council of the City of Gig Harbor DO ORDAIN as follows:

Section 1. Definitions.

- A. "Total Compensation" is the total compensation paid by the City for services of the employee regardless of the components, i.e., base pay, employer's contributions.
- B. "Deferred Compensation" is that amount of the employee's total compensation which the City defers from payment to the employee and instead deposits into a Deferred Compensation Plan.
- C. "Current Compensation" is that portion of the employee's total compensation that is not deferred compensation.
- D. "Base Pay" is the stated salary of the employee.
- E. "City Contribution" is that portion of an employees total compensation that the city would otherwise contribute to Social Security less the cost of survivor and disability insurance.

Section 2. Plan Components.

A benefit plan shall consist of survivor and long-term disability insurance and an investment program for retirement income. The City's administrative staff shall recommend to the Council a specific plan or a combination of plans to accomplish these benefits.

Section 3. Insurance Component.

The City shall purchase an insurance plan that provides long term disability and survivor benefits. The City shall use moneys the City would otherwise contribute to Social Security tax to purchase the plan. All permanent employees under the age of 70 who work twenty (20) hours a week or more are covered by the approved plan. Coverage ceases when an employee terminates, is laid off, or participates in a work stoppage (strike or lockout).

Section 4. Retirement Component.

The City shall adopt a deferred compensation plan as the investment vehicle that will provide retirement income. Employees may contribute a portion of their base salary to the retirement plan. This contribution shall be made in compliance with the policies and procedures of the approved plan. The City shall then contribute a matching sum equal to the employee's contribution, but never more than the contribution the city would otherwise make to Social Security less the cost of survivor and disability insurance. The employee's contribution and the city's contribution shall be that portion of an employee's total compensation that is a deferred compensation.

The administration of the plan shall be governed by Internal Revenue Service rules and the policies of the specific plan. Although the city retains proprietary rights of the funds, the city shall authorize distribution to the employee upon disability, retirement, or termination, and distribution to survivors upon death of the employee. All permanent employees who work at least 1,000 hours per year are eligible to participate.

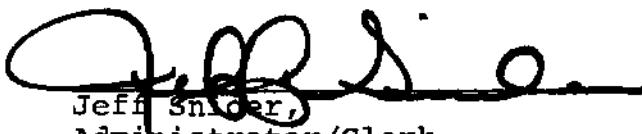
Section 5. Effective Date.

This ordinance shall be effective and in full force five days after its passage, approval and publication by law.

PASSED by the City Council and APPROVED by the Mayor at a regular open meeting this 27th day of December, 1982.

Ruth M. Bogue
Ruth M. Bogue, Mayor

ATTEST:


Jeff Snider,
Administrator/Clerk