I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Ordinance passed by the Council of the City of Reading, on the 25 day of Oct. A. D. 20 10. Witness my hand and seal of the said City this 26 day of Oct. A. D. 20 10

CITY CLERK

BILL NO. 85-2010

AN ORDINANCE

AMENDING CODE OF ORDINANCES OF THE CITY OF READING, BERKS COUNTY, PENNSYLVANIA, CHAPTER 1 ADMINISTRATION AND GOVERNMENT, PART 6 PENSIONS, D. OFFICERS & EMPLOYEES PENSION FUND, SECTION 1-682 REFUND OF CONTRIBUTION.

THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Code of Ordinances of the City of Reading, Berks County, Pennsylvania, Chapter 1 Administration and Government Part 6 Pensions, D. New Officers & Employees Pension Fund, Section 1-682 is hereby amended and shall read as follows:

Section 1-682. Refund of Contribution or Rollover.

Provided a participant has not filed an election to vest under Section 1-689, and ninety (90) days has passed since participant's employment was terminated, on termination of full-time employment, before a participant has met the eligibility requirements for early retirement, a refund or a direct rollover, if elected, shall be made of all contributions paid into the fund by such participant with interest compounded at the rate of 5% per annum. The participant shall have ninety (90) days from the date of termination of full-time employment to elect a direct rollover or a distribution by providing to the pension administrator the appropriate form evidencing such election. The form shall be prepared by the pension administrator and approved by the Board. Direct rollovers shall be administered in accordance with the following inset section, parts (a) to (f). In the case of death, such refund shall be paid to the participant's designated beneficiary, or, in the absence of such designation, to the participant's estate. Any participant who leaves employment subject to the provisions of this Part and is re-appointed, shall in order to receive credit for prior years of service repay to the fund the amount refunded by the fund with interest compounded at the rate of 5% per annum from the date of refund by the fund to the date of payment which shall be made within one (1) year from the date of re-appointment. In the event the payment is not made within the

specified time limit, the right to obtain credit for prior years of service shall be lost for the applicable prior years' period.

(a) A Distributee who receives a distribution from the Plan which is an Eligible Rollover Distribution may elect to transfer said distribution to an Eligible Rollover Plan specified by the Distributee in a Direct Rollover.

(b) Notwithstanding any contrary provisions of this Section (except as otherwise required by Internal Revenue Code (IRC) Section 401 (a)(31), (i) a Direct Rollover can be elected for part of an Eligible Rollover Distribution only if the amount so elected is at least five hundred dollars ($500), (ii) only one Eligible Rollover Plan may be designated for a Direct Rollover, (iii) a Direct Rollover election made with respect to one payment in a series of payments shall apply to all subsequent payments until another election is made by the Distributee, and (iv) no Direct Rollover election is required to be provided for an Eligible Rollover Distribution of less than two hundred dollars ($200) (when aggregated with all other Eligible Rollover Distributions for the taxable year).

(c) For purposes of this Section, the following terms shall have the meaning given to them in this subsection:

(1) "Direct Rollover" shall mean a payment by the Plan to the eligible retirement plan specified by the Distributee.

(2) "Distributee" shall mean (i) an employee or former employee and (ii) the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is an alternative payee under a qualified domestic relations order, as defined in IRC sect. 414(p), with respect to the interest of the spouse Or former spouse.

(3) "Eligible Retirement Plan" shall mean an individual retirement account described in IRC sect. 408 (a), an individual retirement annuity described in IRC sect. 408 (b), a qualified trust described in IRC sect. 401 (a), an annuity plan described in IRC sect. 403 (a), an eligible deferred compensation plan described in IRC sect. 457 (b) maintained by a state or political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state

that will separately account for a Direct Rollover (from this Plan), and an annuity contract described in IRC sect. 403 (b).

(4) "Eligible Rollover Distribution" shall mean any distribution of all or any portion of the balance to the credit of the Distributee under the Plan, but excluding (as applicable) (i) any distribution which 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 and the Distributee's designated beneficiary or for a specified period of ten years or more, (ii) any distribution to the extent such distribution is required under IRC sect. 401 (a)(9), (iii) the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities.

(d) Effective January 1, 2008 and in conformance with IRC sect. 408A (c), Eligible Retirement Plan shall include a Roth IRA described in IRC sect. 408A (b).

(e) Effective January 1, 2010 and in conformance with IRC sect. 402 (c) (11), a Beneficiary eligible to receive a distribution from the Plan on account of a Participant's death may elect to transfer said distribution to an individual retirement plan (described in clause (i) or (ii) of IRC sect. 402 (c)(8) established by the Beneficiary for this purpose, provided that (i) the Beneficiary is not otherwise a Distribute, (ii) the Beneficiary is a designated beneficiary as defined in IRC sect. 401 (a)(9)(E), and (iii) the distribution would otherwise be an Eligible Rollover Distribution but for the requirement that the distribution be made to a Distributee.

(f) Elections and Direct Rollovers under this Section shall be made in accordance with procedures prescribed by the Plan Administrator in conformance with IRC sect. 401 (a)(31).

SECTION 2. All remaining sections of Part 6 Pensions shall remain in effect as before.

SECTION 3. Any court determination that a portion of an amended section is unconstitutional or invalid shall not affect the remaining portion of said section or other ordinance sections.

SECTION 4. This ordinance shall become effective within ten (10) days of the date of passage and approval by the Mayor or override of the Mayor's veto.

Adopted Oct 25, 2010

Council President

Attest:

City Clerk

Submitted to Mayor: _____
Date: 10/26/10

Received by the Mayor's Office: FD
Date: 10/26/10

Approved by DEPUTY Mayor: _____
Date: 10/26/10

Vetoed by Mayor: _____
Date: _____