

CHAPTER 21**DEFERRED COMPENSATION FOR CITY EMPLOYEES**

21.01 DEFINITIONS. For the purposes of this Chapter, the following terms shall have the meanings ascribed herein:

1. "Employee": means any person employed by the City on a non-temporary basis and who is required to work a minimum of thirty (30) hours per week. The term shall include the City Administrator, Chief of Police, and Fire Chief, but shall not include any elected or appointed officials.
2. "Beneficiary": means any person designated by an employee to receive a retirement, death, or other benefit under the provisions of a deferred compensation contract.
3. "Compensation": means all wages or salaries to be paid by the City to an employee.
4. "Contracting Company": means each insurance company designated by the Council from which an employee may purchase an individual deferred compensation contract.
5. "Deferred Compensation": means that portion of an employee's includible compensation which a participant has elected to defer in accordance with § 457 of the Internal Revenue Code.
6. "Participation Agreement": means the agreement or agreements by which the City and the employee agree that a portion of the employee's compensation will be deferred.
7. "Separation of Service": means the termination of an employee's service with the City on account of death, retirement or separation from service for causes other than death or retirement.
8. "Unforeseeable Emergency": means a severe financial hardship to the participant resulting from a sudden and unexpected illness or accident of the participant's dependent, loss of the participant's property due to casualty or other extraordinary and unforeseeable circumstances arising as a result of events beyond the participant's control, as determined by the City Administrator.

21.02 DESIGNATION OF COMPANIES. The Council shall by resolution designate one or more

companies from which an employee may choose to acquire an individual deferred payment contract. Only a company authorized to do business in the state shall be eligible for designation hereunder.

21.03 PURCHASE OF DEFERRED COMPENSATION CONTRACT. At the request of an employee, the Council shall enter into a contractual agreement with a company designated by the Council acquiring an individual deferred corporation contract. Each request for participation made by an employee shall be on a form approved by the City Administrator. The employee and the City shall thereafter execute a Participation Agreement setting forth the company designated by the employee and the amount of compensation to be deferred each pay period.

21.04 ADMINISTRATION. The City Administrator shall administer the deferred compensation program with advice from the City Attorney. The City Administrator shall adopt such forms and agreements as are necessary to facilitate the administration of this program. The City Administrator shall be empowered to sign each deferred compensation contract as the City's authorized representative.

21.05 DESIGNATION OF BENEFICIARY. Each employee participating in the deferred compensation program shall designate one or more persons to receive any retirement, death, or other benefit paid under the provisions of the program. Such designation must be on a form approved by the City Administrator and signed by the employee. If a participant dies without designating one or more beneficiaries, all payments shall be made to the properly appointed fiduciary of the employee's probate estate.

21.06 DEFERRAL OF COMPENSATION. The City shall withhold each employee's deferred compensation from each pay period and remit that sum once each month to the company designated by the employee. The minimum amount which may be withheld during each pay period is twelve dollars and fifty cents (\$12.50).

21.07 PAYMENT OF BENEFITS. Any payment of benefits to an employee or former employee shall be made in accordance with the terms and conditions of the contract entered into between the City and the company issuing the contract. Payments may be made following separation of service in accordance with the terms of the deferred compensation contract and federal law.