

BY AUTHORITY

ORDINANCE NO. **4276**

COUNCILLOR'S BILL NO. **42**

SERIES OF 2024

INTRODUCED BY COUNCILLORS

DeMott, Ezeadi

A BILL

FOR AN ORDINANCE AMENDING TITLE XIV CHAPTER 2, OF THE WESTMINSTER MUNICIPAL CODE CONCERNING THE EMPLOYEE 401(a) DEFINED CONTRIBUTION PLAN

THE CITY OF WESTMINSTER ORDAINS:

Section 1. Section 14-2-1, W.M.C., is hereby AMENDED to include a new subsection (J) to read as follows:

(J) On December 9, 2024, the City approved changes made to the Code to reflect a ¼ percent increase in the employer contributions for payroll periods beginning on or after January 1, 2025. The City also clarified the state tax treatment of contributions to Retirement Medical Savings Accounts and how forfeitures would be used.

Section 2. Section 14-2-4(A), W.M.C., is hereby AMENDED to read as follows:

(A) *Contributions by the City:*

(1) *Determination of Contribution by the City.* The City shall contribute to the credit of each full Participant's Account, (i) for each pay period on and after January 6, 1986, and prior to January 3, 2022, 10.25 percent of each full Participant's compensation for that pay period; (ii) for each pay period on and after January 3, 2022 and prior to the pay period beginning on or after January 1, 2024, 11.25 percent of each full Participant's compensation for that pay period; ~~and~~ (iii) for each pay period beginning on or after January 1, 2024 but prior to the first payroll period beginning on or after January 1, 2025, 11.75 percent of each full Participant's compensation for that pay period; and (iv) for each pay period beginning on or after January 1, 2025, 12 percent of each full Participant's compensation for that pay period; provided that, during any period in which the City is required to make contributions on behalf of Participants under the Federal Insurance Contributions Act or the Social Security Act, the contribution to the Plan for each Participant shall be offset by the amount of the OASDI portion of the social security taxes paid by the City for such Participant. This offset shall not exceed the City contribution.

(2) *Time and Method of Payment of Contribution by the City.* The contributions of the City shall be made every pay period and shall be credited to the Plan each pay period.

(3) *Forfeitures.* All unvested amounts forfeited by reason of a Participant's termination of employment before the Participant becomes fully vested shall be used as City contributions to the Plan and shall offset and reduce the City's employer contribution obligation.

Section 3. Section 14-2-8(A), W.M.C. is hereby AMENDED to read as follows:

(A) *Contributions to Retirement Medical Savings Accounts.*

(1) *General.* Each Participant shall have the option of designating up to 25 percent of the Participant's combined mandatory and City contributions made to the Trust Fund pursuant to Sections 14-2-4(A) and (B)(1), W.M.C., to be used for future medical care expenses as provided for in Code Section 401(h). Contributions designated by a Participant for future health benefits under Code Section 401(h) as described in this subsection (A)(1) shall be maintained in a separate account (the "Retirement Medical Savings Accounts").

(2) *Subordinate; taxation.* It is intended that the benefits provided by the retirement medical savings accounts shall at all times be subordinate to the retirement benefits provided by the Plan. Contributions to the Retirement Medical Savings Accounts will not be subject to federal taxes upon a Participant's retirement, termination of employment, death or Total Disability nor upon use for medical expenses upon a Participant's retirement, termination of employment, death or Total Disability. These amounts will also not be subject to state tax unless applicable state laws provide otherwise.

(3) *No refunds.* No refunds of contributions to a Participant's Retirement Medical Savings Account shall be made to the Participant or the Participant's spouse or dependents.

(4) *Non-transferrable.* Except as provided in subsection (B)(5) of this section, all contributions to a Participant's Retirement Medical Savings Account shall not be transferred and shall remain in the Retirement Medical Savings Account until such contributions are used for medical care expenses for the Participant and the Participant's spouse and dependents.


(5) *Other rules and requirements.* The Retirement Medical Savings Accounts will be subject to the rules and requirements issued by the City Manager, which can be changed from time to time.

Section 4. This ordinance shall take effect upon its passage after second reading. The full text of this ordinance shall be published within 10 days after its enactment after second reading.

INTRODUCED, PASSED ON FIRST READING, AND TITLE AND PURPOSE ORDERED PUBLISHED this 25th day of November, 2024.

PASSED, ENACTED ON SECOND READING, AND FULL TEXT ORDERED PUBLISHED this 9th day of December, 2024.

ATTEST:



City Clerk

Nancy McNally

Mayor

APPROVED AS TO LEGAL FORM:

David Frankel

City Attorney's Office