

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA PROVIDING FOR THE PICK UP UNDER INTERNAL REVENUE CODE SECTION 414(H)(2) OF COST-SHARING CONTRIBUTIONS TO CALPERS FOR THE SAFETY EMPLOYEES IN THE BARGAINING UNIT REPRESENTED BY THE PASADENA FIRE MANAGEMENT ASSOCIATION

WHEREAS, the City of Pasadena provides retirement benefits to eligible employees under the California Public Employees' Retirement System (PERS); and

WHEREAS, benefits under PERS are funded by "member contributions" and "employer contributions," at rates determined by PERS in accordance with the laws governing PERS and with the agreement governing the City's participation in PERS, and

WHEREAS, the City may, to the extent permitted by the PERS laws and the City's memorandum of understanding or similar agreements with employees, deduct employees' compensation to pay member contributions or employer contributions, or both, to PERS; and

WHEREAS, the City previously adopted various resolutions providing, in accordance with section 414(h)(2) of the Internal Revenue Code (Code), for the "pick up" of amounts deducted from employees' compensation to pay member contributions to PERS; and

WHEREAS, the City wishes to adopt this resolution in order to, in accordance with section 414(h)(2) of the Code, pick up amounts deducted from employees' compensation to pay employer contributions to PERS, which deductions are known as "cost-sharing contributions "

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

1. The City will implement the provisions of section 414(h)(2) of the Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 to the Public Employees' Retirement System on behalf of all its employees in the bargaining unit represented by the Pasadena Fire Management Association who are members of the Public Employee Retirement System. All cost-sharing contributions made by City employees are hereby designated as employee contributions.

2. Although designated as employee contributions, the contributions will be picked up by the City for tax purposes in accordance with section 414(h)(2) of the Code and will be treated as paid by the City in lieu of contributions by the employee.

3. Employees will not have the option of choosing, directly or indirectly, to receive the contributions instead of having them paid by the City to PERS

4. The City will pay to PERS the contributions designated as employee contributions from the same source of funds as used in paying salary.

5. Contributions picked up under this resolution will be tax deferred to the extent provided under the Code, Treasury Regulations, and other guidance issued thereunder.

6. The City will implement the provisions of section 414(h)(2) Internal Revenue Code beginning September 18, 2017 in accordance with the City of Pasadena's payroll calendar and payroll handling procedures.

Adopted by the following vote at the meeting of the City Council on this \_\_\_\_ day of September, 2017:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Mark Jomsky, City Clerk

Approved as to Form:



Lesley Cheung, Assistant City Attorney