SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. III-E**

FROM: Steve Mack, General Manager

Meeting Date: August 6, 2015

SUBJECT: Discussion/Action re Resolution 15-17, to Tax Defer Member Paid Contributions to PERS Retirement

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RECOMMENDED ACTION:

Approve Resolution 15-17.

FISCAL IMPACT:

(None.)

DISCUSSION:

In July of this year a new Union contract went into effect. One of the changes in the new Union contract is that now employees are required to pay for the "employee contribution" portion of our PERS retirement costs (equal to 7% of base wages). This change impacts all District employees, not just Union employees.

Since July 1, the District has been collecting the employees' share via a tax-deferred paycheck deduction.

Staff contacted PERS last Friday regarding the details of PERS retirement online submission after the July change, and found out at that time we need to have a PERS-drafted resolution on file with them designating member paid contributions as tax-deferred.

That resolution is Resolution 15-17. Staff recommends approval.

RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(h)(2) EMPLOYER PICK-UP

WHEREAS, the governing body of the Sweetwater Springs Water District (Name of Agency) has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Sweetwater Springs Water District (Name of Agency) has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to All Employees (All Employees, or All Employees In A Recognized Group or Class of Employment) who are members of the California Public Employees' Retirement System:

NOW, THEREFORE, BE IT RESOLVED:

I. That the Sweetwater Springs Water District (Name of Agency) will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the California Public Employees' Retirement System on behalf of all its employees or all its employees in a recognized group or class of employment who are members of the California Public Employees Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.

II. That the contributions made by the Sweetwater Springs Water District (Name of Agency) to the California Public Employees' Retirement System, although designated as employee contributions, are being paid by the Sweetwater Springs Water District (Name of Agency) in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.

III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Sweetwater Springs Water District (Name of Agency) to the California Public Employees' Retirement System.

IV. That the Sweetwater Springs Water District (Name of Agency) shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.

V. That the amount of the contributions designated as employee contributions and paid by the Sweetwater Springs Water District (Name of Agency) to the California Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code Sections 20000, et seq.).

VI. That the contributions designated as employee contributions made by Sweetwater Springs Water District (Name of Agency) to the California Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that

member contributions are treated by the California Public Employees' Retirement System.

PASSED AND ADOPTED by the governing body of the Sweetwater Springs Water District (Name of Agency)

_____
this day of August 6 (Date), 2015 (Year).

BY

_____
(Signature of Official)

_____
(Title of Official)

RETURN ADDRESS:

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FOR CALPERS USE ONLY

RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(h)(2)

Approved by: _____

Title: _____