

RESOLUTION 2014-33

TAX SHELTER PLAN RESOLUTION

WHEREAS, the City of Valley Grande wishes to provide maximum benefits to its employees within the limits of its budget; and

WHEREAS, employees of the City of Valley Grande are members of the Employees' Retirement System of Alabama and under the current mandatory contribution procedure each member employee has a 5 percent (5%) [6 percent (6%) for certified Firefighters/Law Enforcement Officers] of his compensation deducted and paid into the Employees' Retirement System of Alabama; and those contributions so deducted are currently fully taxable as income to the employee under federal tax laws; and

WHEREAS, §414(h)(2) of the Internal Revenue Code provides that such contributions may be excluded from the employee's gross income if these contributions are "picked-up" by the employer;

NOW, THEREFORE, BE IT RESOLVED by the City of Valley Grande that the salary of each employee who participates in the Employees' Retirement System shall be adjusted so that the City of Valley Grande, as employer, shall pay on behalf of each and every one of such employees for each and every payroll beginning on or after June 1, 2014, that employees contribution to the Employees' Retirement System of Alabama as required by §36-27-24 of the Code of Alabama 1975; that such payment on behalf of each employee of that employee's contribution to the Employees' Retirement System of Alabama shall be in lieu of any deduction from the employee's salary of said contribution; and

BE IF FURTHER RESOLVED that the employee contributions which are "picked-up" will continue to be designated employee contributions for purposes of the Employees' Retirement System of Alabama; that the employee contributions which are "picked-up" shall be a part of the employee's compensation for determining the amount of the contribution to be so "picked-up"; that the total amount of the contribution of each member employee to the Employees' Retirement System of Alabama shall not be reduced by this Resolution; that the amount of the retirement allowance of each member shall not be affected by this Resolution; that no other changes in the method of computation and transmittal of these "picked-up" employee contributions shall be affected hereby; and that the total amount paid to and on behalf of each member employee will not be increased hereby.

BE IT FURTHER RESOLVED that the system whereby the employee's contributions to the Employees' Retirement System of Alabama is "picked-up" shall apply equally to each and every such employee who participates in the Employees' Retirement System; that no such employee shall be given any option concerning the 'pick-up"; that this system of "pick-up" shall be mandatory on all such employees.

Adopted this the 5th day of May, 2014.

I, Wayne Labbe, Mayor, City of Valley Grande,
hereby certify that the foregoing is a true and correct
copy of the Resolution passed on May 5, 2014.

Approved: _____
Wayne Labbe, Mayor

Attest:

Janet Frasier, City Clerk