

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Deborah S. Traffenstedt, Administrative Services Director  
Prepared by: Teri Davis, Senior Management Analyst

**DATE:** January 3, 2007 (CC Meeting of 1/17/07)

**SUBJECT:** Consider Resolution Adopting California Public Employee Retirement System's Resolution for Pre-Tax Payroll Deductions

**BACKGROUND AND DISCUSSION**

The California Public Employee Retirement System (CalPERS) provides members with an option to purchase service credit that will be added to the overall service time a member has accumulated at the time of retirement. Generally, members elect whether to have payroll deductions for the purchase of service credit deducted from their paychecks on either a pre-tax or after-tax payments; however, a member may only elect pre-tax payroll deductions if the agency deducting the payments has adopted a CalPERS resolution authorizing the agency to do so.

Attached to this report is the CalPERS Employer Pickup Resolution Pre-Tax Payroll Deduction Plan for Service Credit Purchases (Contribution Code 14) which allows CalPERS members to elect a pre-tax payroll deduction plan for service credit purchases. The City of Moorpark has not yet adopted this CalPERS resolution, leaving employees with no choice but to have service credit purchase deductions made as an after-tax payment.

There is no fiscal impact on the City of Moorpark regardless of whether an employee makes pre-tax or after tax payments for additional service credit purchases.

City Council concurrence to allow adoption of the CalPERS resolution is requested.

**STAFF RECOMMENDATION**

Adopt Resolution No. 2007-\_\_\_\_ consistent with the agenda report.

Attachments: Resolution No. 2007-\_\_\_\_  
CalPERS Resolution

RESOLUTION NO. 2007-\_\_\_\_\_

A RESOLUTION OF THE CITY OF MOORPARK ADOPTING THE CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM'S EMPLOYER PICKUP RESOLUTION PRE-TAX PAYROLL DEDUCTION PLAN FOR SERVICE CREDIT PURCHASES (CONTRIBUTION CODE 14)

WHEREAS, members of the California Public Employee Retirement System (CalPERS) may elect to purchase additional service credit; and

WHEREAS, CalPERS service credit purchase payments may be deducted from employees who have purchased additional service credit as a pre-tax or after-tax payment if the employing agency has adopted the CalPERS Employer Pickup Resolution Pre-Tax Payroll Deduction Plan for Service Credit Purchases (Contribution Code 14); and

WHEREAS, the City of Moorpark has not yet adopted the CalPERS resolution which would give the City authority to deduct pre-tax service credit payments; and

WHEREAS, employee elected service credit purchases have no fiscal impact on the City of Moorpark regardless of whether they are deducted as pre-tax or after-tax payments.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The City of Moorpark hereby adopts the CalPERS Employer Pickup Resolution Pre-Tax Payroll Deduction Plan for Service Credit Purchases (Contribution Code 14).

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED AND ADOPTED this 17<sup>th</sup> day of January 2007.

\_\_\_\_\_  
Patrick Hunter, Mayor

ATTEST:

\_\_\_\_\_  
Deborah S. Traffenstedt, City Clerk

Attachment: CalPERS Resolution

**000108**

Employer code: 1362

**EMPLOYER PICKUP RESOLUTION  
PRE-TAX PAYROLL DEDUCTION PLAN  
FOR SERVICE CREDIT PURCHASES  
(CONTRIBUTION CODE 14)**

WHEREAS, the Board of Administration of the California Public Employees' Retirement System (CalPERS) at the April 1996 meeting approved a pre-tax payroll deduction plan for service credit purchases under Internal Revenue Code (IRC) section 414(h)(2); and

WHEREAS, the City of Moorpark {Employer} has the authority to implement the provisions of IRC section 414(h)(2) and has determined that even though implementation is not required by law, the tax benefit offered by this section should be provided to those employees who are members of CalPERS; and

WHEREAS, the City of Moorpark {Employer} elects to participate in the pre-tax payroll deduction plan for all employees in the following CalPERS Coverage Group(s):

{Membership Coverage Group(s)}  
All Miscellaneous Groups

NOW, THEREFORE, BE IT RESOLVED:

- I. That the City of Moorpark {Employer} will implement the provisions of IRC section 414(h)(2) by making employee contributions for service credit purchases pursuant to the California State Government Code on behalf of its employees who are members of CalPERS and who have made a binding irrevocable election to participate in the pre-tax payroll deduction plan. "Employee contributions" shall mean those contributions reported to CalPERS which are deducted from the salary of employees and are credited to individual employee accounts for service credit purchases, thereby resulting in tax deferral of employee contributions.
- II. That the contributions made by the City of Moorpark {Employer} to CalPERS, although designated as employee contributions, are being paid by the City of Moorpark {Employer} in lieu of contributions by the employees who are members of CalPERS.

- III. That the employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Moorpark {Employer} to CalPERS.
- IV. That the City of Moorpark {Employer} shall pay to CalPERS the contributions designated as employee contributions from the same source of funds as used in paying salary, thereby resulting in tax deferral of employee contributions.
- V. That the effective date for commencement of the pre-tax payroll deduction plan cannot be any earlier than the date the completed resolution is received and approved by CalPERS.
- VI. That the governing body of the City of Moorpark {Employer} shall participate in and adhere to requirements and restrictions of the pre-tax payroll deduction plan by reporting pre-tax payroll deductions when authorized by CalPERS for those employees of the above stated Coverage Group(s) who have elected to participate in this plan.

**PASSED AND ADOPTED** by the governing body of the City of Moorpark {Employer}  
 this 17th day of January, 2007. {year}

BY \_\_\_\_\_  
 (Signature of Official)

\_\_\_\_\_  
 (Title of Official)

**RETURN ADDRESS:**

Deborah Traffenstedt, City Clerk  
 City of Moorpark  
 799 Moorpark Avenue  
 Moorpark, CA 93021

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**FOR CALPERS USE ONLY**

**Pre-tax payroll deduction plan effective date:** \_\_\_\_\_

**Approved By:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**MEMBER SERVICES DIVISION, Service credit section-Unit 830**