

To: Board of Directors

Date: September 8, 2011

From: Kathy Casenave *KC*  
Director of Finance

Reviewed By: *stb*

**SUBJECT: PERS PRETAX RESOLUTION-revised**

**SUMMARY OF ISSUES:**

At the August Board meeting, the Board approved a CalPERS resolution that allows pre-tax treatment for employees who want to buyback service credit. CalPERS has requested two minor revisions to the resolution:

1. All Employees- instead it should read "All Miscellaneous Employees"
2. A small paragraph is inserted which reads: "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".

**ACTION REQUESTED:** Staff recommends that the Board of Directors adopts the revised resolution .

**ATTACHMENTS:** Revised resolution.

RESOLUTION No. 2012-004  
CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
BOARD OF DIRECTORS

Employer Code: 1290

**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 Central Contra Costa Transit Authority 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 Central Contra Costa Transit Authority elects to participate in the pre-tax payroll deduction plan for all employees in the following CalPERS Coverage Group(s):

ALL MISCELLANEOUS EMPLOYEES

NOW, THEREFORE, BE IT RESOLVED:

I. That the Central Contra Costa Transit Authority will implement the provision 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 Central Contra Costa Transit Authority to CalPERS, although designated as employee contributions, are being paid by the Central Contra Costa Transit Authority 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 Central Contra Costa Transit Authority to CalPERS

IV. That the Central Contra Costa Transit Authority 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 Central Contra Costa Transit Authority shall participate in and adhere to requirements and restrictions of the pre-tax 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 Board of Directors of the Central Contra Costa Transit Authority this 15<sup>th</sup> day of September 2011

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Amy R. Worth  
Chair, CCCTA Board of Directors

**RETURN ADDRESS:**

CCCTA  
2477 ARNOLD INDUSTRIAL WAY  
CONCORD, CA 94520

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**FOR CALPERS USE ONLY**

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

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

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