



REPORT TO HOUSING AUTHORITY
City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

22

Consent

November 30, 2010

Honorable Chair and Members of the Housing Authority Board

Title: Employee Pre-Tax Payroll Deduction Plan for Purchasing Service Credit

Location/Council District: Citywide

Recommendation: Adopt a **Housing Authority Resolution** authorizing a pre-tax payroll deduction plan for California Public Employee's Retirement system (CalPERS) service credit purchases

Contact: La Shelle Dozier, Executive Director, 440-1319, James Shields, Director of Administration, 440-1308

Presenters: Not Applicable

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: Currently, Sacramento Housing and Redevelopment Agency (SHRA) employees have the option of purchasing various types of service credit under CalPERS, including temporary service time, military service time, and the newly available "Additional Retirement Service Credit" which allows employees to purchase up to five years of service credit that is not based on employment with a CalPERS employer. Employees who elect to purchase CalPERS service credit are doing so at their own expense on an after-tax basis. Staff is proposing to extend employees the opportunity to purchase service credit using pre-tax dollars.

Policy Considerations: This action is consistent with required CalPERS Amendment requirements.

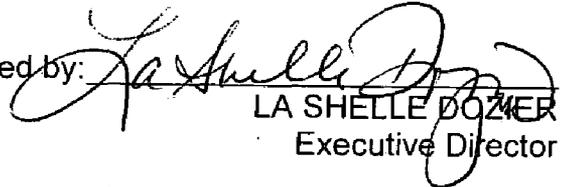
Environmental Considerations: The proposed action, to authorize CalPERS service credit purchases to become pre-tax deductions, is considered an administrative action, and does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b). This administrative action is considered exempt under the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(3).

Rationale for Recommendation: Approval of the attached Employer Pickup Resolution – Pre-Tax Payroll Deduction Plan for Service Credit Purchases with CalPERS will enable the Agency to extend the pick-up of member contributions under Internal Revenue Code (IRC) Section 414(h)(2) provisions to service credit purchases. This will provide employees with the benefit of paying for service credit purchases on a pre-tax basis. This is a relatively minor administrative change that can be implemented at no cost to the Agency.

Financial Considerations: No fiscal impact

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore M/WBE considerations do not apply.

Respectfully Submitted by:


LA SHELLE DOZIER
Executive Director

APPROVED AS TO FORM:

NA
CITY ATTORNEY

Recommendation Approved:


GUS VINA
Interim City Manager

Approved as to form:

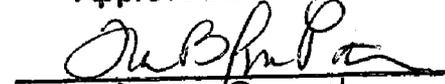

Agency/Counsel

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RESOLUTION NO. 2010 -

Adopted by the Housing Authority of the City of Sacramento

on date of

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

BACKGROUND

- A. 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
- B. The Housing Authority of the City of Sacramento 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
- C. The Housing Authority of the City of Sacramento elects to participate in the pre-tax payroll deduction plan for all employees in the following CalPERS Coverage Group(s): Miscellaneous Employees
- D. The proposed action does not constitute a project under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378(b). This administrative action is considered exempt under the National Environmental Policy Act pursuant to 24 CFR 58.34(a)(3).

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated above are found to be true and accurate.
- Section 2. That the Housing Authority of the City of Sacramento 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.

- Section 3. That the contributions made by the Housing Authority of the City of Sacramento to CalPERS, although designated as employee contributions, are being paid by the Housing Authority of the City of Sacramento in lieu of contributions by the employees who are members of CalPERS.
- Section 4. That the employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Housing Authority of the City of Sacramento to CalPERS.
- Section 5. That the Housing Authority of the City of Sacramento 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.
- Section 6. 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.
- Section 7. That the governing body of the Housing Authority of the City of Sacramento 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.

Adopted by the Housing Authority of the City of Sacramento on November 30, 2010 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Mayor Kevin Johnson

Attest:

Shirley Concolino, City Clerk

RETURN ADDRESS:

Sacramento City Housing Authority
Attn: Human Resources Department
801 12th Street
Sacramento Ca 95814

FOR CALPERS USE ONLY

Pre-tax payroll deduction plan effective date: _____

Approved by: _____ Title: _____

MEMBER SERVICES DIVISION, Service credit section-Unit 830