

RESOLUTION NO. 88-104

A RESOLUTION OF THE TOWNSHIP OF HOPEWELL, AUTHORIZING PENSION DEDUCTIONS FROM PAYROLL PRIOR TO COMPUTATION OF FEDERAL INCOME TAXES IN ACCORDANCE WITH SECTION 414(h) OF THE INTERNAL REVENUE CODE.

WHEREAS, a "pick-up" contribution system which allows for public employees under Section 414(h) of the Internal Revenue Code to defer from Federal Tax liability employee contributions exists; and

WHEREAS, it has been determined that the Municipality is authorized to utilize a "pick-up" program; and

WHEREAS, the Hopewell Township Municipal employees have agreed upon a pick-up contribution system by providing for same in the respective Collective Bargaining Agreements entered into between the Municipal employees and the Township of Hopewell; and

WHEREAS, although the clerical employees have not agreed upon the pick-up contribution system in their Collective Bargaining Agreement, they have voted in favor of a "pick-up" contribution system by a vote of \_\_\_\_\_ for and \_\_\_\_\_ against.

BE IT RESOLVED by the Township Board of Commissioners assembled as follows:

That the Township of Hopewell and its authorized agents are hereby authorized to implement a "pick-up" contribution system.

Beginning \_\_\_\_\_, 1988, all Municipal employees shall participate in what is called a "pick-up" program as defined by 414(h)(2) of Chapter 26 of the United States Code (U.S.C.). This program shall provide

for the exclusion of employee pension contributions from gross wages for purposes of determining individual employee Federal Income Tax deductions on Municipal wages earned. This program shall not apply to or affect the payment of any other Federal, State or local payroll taxes and in this instance, deductions will occur per applicable schedule on all compensation earned by the employee.

The employee contributions although so designated are deemed to have been paid by the employer in lieu of contributions to the employee. Employees do not have the option of choosing to receive the contributed amount directly in lieu of having them paid by the employer to the pension plan.


Further at the time an employee withdraws or is eligible to receive a pension benefit from the Municipal pension program, the gross earnings used to calculate that benefit shall be actual gross earnings received by the individual employee and not the adjusted gross that may have been used for purposes of participation in the Federal "pick-up" program.

It is further understood that as a result of the Municipality's participation in the "pick-up" program that the Municipality shall not increase its contribution rate to the pension program.

RESOLVED this \_\_\_\_\_ day of \_\_\_\_\_, 1988.

ATTEST:

HOPEWELL TOWNSHIP

  
Manager

  
President, Board of Commissioners