

REPORT

To the Honorable Mayor and City Council
From the City Manager

October 13, 2008

SUBJECT

Administrative change with the California Public Employees Retirement System (CalPERS) for Pre-Tax Payroll Deductions.

RECOMMENDATION

Approve a Resolution designating all Miscellaneous and all Safety Coverage groups eligible for service credit purchases, to continue to allow the City to participate in the CalPERS Pre-Tax (tax-deferred) Payroll Deduction Plan.

BACKGROUND

In July of 1996, the City adopted a resolution allowing employees to participate in the CalPERS Pre-Tax Payroll Deduction Plan for service credit purchases for employees covered in the following groups: 70001-Miscellaneous, 74001-Fire, 75001-Police.

In November 2006, the City amended its contract with CalPERS. This action created a new coverage group: 70002-Miscellaneous. In order to allow pre-tax deductions, the City must now adopt a resolution to designate the new coverage group as being eligible for the pre-tax designation. This was not done when the CalPERS contract was amended in 2006. This is an administrative change that has no impact on existing CalPERS benefits.

CalPERS recommended that the City specify that all Miscellaneous and all Safety groups are eligible to participate in the plan in order for the City to avoid having to amend its contract in the future.

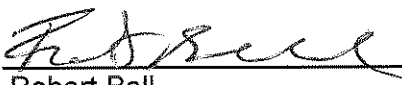
ALTERNATIVES

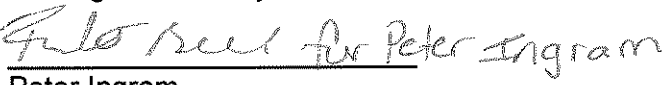
If the City does not designate the appropriate coverage groups for pre-tax payroll deductions, employees belonging to certain coverage groups who request (pre-tax) payroll deductions to purchase additional service credit will have deductions taken out only on an after-tax basis.

FISCAL IMPACT

None.


Carolyn McLaurin
Management Analyst II


Robert Bell
Human Resources Director


Peter Ingram
City Manager

ATTACHMENTS

1. Calpers Pre-Tax (Tax Deferred) Payroll Deduction Plan For Service Credit Purchases Resolution

IV. That the City of Redwood City {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 Redwood City {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 employee groups or classifications who have elected to participate in this plan.

PASSED AND ADOPTED by the governing body of the _____ {Employer}
this ____ day of _____, _____. {year}

BY _____
(Signature of Official)

(Title of Official)

RETURN ADDRESS:

<p>FOR CALPERS USE ONLY</p> <p>Pre-tax payroll deduction plan effective date: _____</p> <p>pproved By: _____ Title: _____</p> <p>MEMBER SERVICES DIVISION, Service credit section-Unit 830</p>
