

**STATE OF NEW MEXICO
CITY OF RIO COMMUNITIES
RESOLUTION 2020 - 173**

**RESOLUTION AUTHORIZING EMPLOYER PICK UP
OF MEMBER CONTRIBUTIONS FOR DETERMINING
TAX TREATMENT UNDER THE INTERNAL REVENUE CODE**

- WHEREAS,** the Employees of Rio Communities, with few exceptions, are members of the Public Employees Retirement Association of New Mexico; and
- WHEREAS,** members have mandatory PERA contributions deducted from their compensation and paid to PERA; and
- WHEREAS,** members must pay federal income tax on the mandatory PERA contributions deducted from their compensation; and
- WHEREAS,** Section 414(h) of the Internal Revenue Code provides for the exclusion of such contributions from current income if the contributions are picked up by the members' employer; and
- WHEREAS,** the Governing Body of Rio Communities has the authority to establish the compensation plan(s) for employees of Rio Communities.

NOW, THEREFORE, BE IT RESOLVED

by the State of New Mexico, acting by and through the Public Employees Retirement Association, that Rio Communities, as employer, shall pick-up the member contributions required of all PERA members in its employ. The picked-up member contributions shall be treated as employer contributions for the purpose of determining tax treatment under the Internal Revenue Code. Member contributions picked up shall not be included in the employee's gross income for tax purposes until such time as the picked-up contributions are distributed by refund or annuity payments.

Rio Communities shall pick up the member contributions from funds established and available in the payroll account, which funds would otherwise have been designated as member contributions, deducted from the member's salary and paid to PERA. Member contributions picked up pursuant to this resolution shall be treated for all other purposes the same as member contributions made prior to the effective date of this resolution.

Rio Communities will ensure that it has the expertise and equipment to implement the change in payroll records and the preparation of W-2 forms at the end of each calendar year.

Adoption of this resolution is applicable to, and incorporates by reference, the Rio Communities resolution that adopted the following coverage: Plan Municipal General Member Plan 1, Municipal Police Plan 1, and Municipal Fire Plan 1.

PASSED, APPROVED AND ADOPTED THIS 28th DAY OF APRIL 2020 BY THE GOVERNING BODY OF THE CITY OF RIO COMMUNITIES, NEW MEXICO.

City of Rio Communities Governing Body

Mark Gwinn,
Mayor

Margaret (Peggy) Gutjahr,
Councilor Mayor Pro-tem

Bill Brown,
Councilor

Joshua Ramsell,
Councilor

Jim Winters,
Councilor

ATTEST:

Elizabeth (Lisa) Adair,
Municipal Clerk