North Central Regional Transit District (NCRTD)
Resolution 2007-09

PERA Procedure for Tax Deferred Member Contributions

WHEREAS, the Employees of the North Central Regional Transit District, 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 the North Central Regional Transit District has the authority to establish the compensation plan for employees of the North Central Regional Transit District;

NOW, THEREFORE, BE IT RESOLVED by the State of New Mexico, acting by and through the Public Employees Retirement Association, that the North Central Regional Transit District, 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.
The North Central Regional Transit District 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.

The North Central Regional Transit District 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 North Central Regional Transit District resolution that adopted the following Coverage Plan: Municipal General Member Coverage Plan 2.

PASSED, APPROVED AND ADOPTED BY THE GOVERNING BODY OF THE NORTH CENTRAL REGIONAL TRANSIT DISTRICT ON THIS 1st DAY OF JUNE 2007.

Charlie Dorame, Vice Chair

Approved as to form:

Mark Basham, Counsel