



RESOLUTION 06-01-2024

A RESOLUTION AUTHORIZING SANTAQUIN CITY PICKUP OF TIER II PUBLIC SAFETY AND FIREFIGHTER EMPLOYEE RETIREMENT CONTRIBUTIONS UNDER THE UTAH STATE RETIREMENT SYSTEM (URS)

WHEREAS, URS requires the participating entities to determine if their organization elects to pick-up the “Employee” contribution and the amount of the pickup, for their Tier II Public Safety and Firefighter employees participating in the Defined Benefit (DB) Hybrid; and

WHEREAS, the City is required under Subsection 49-23-401(1)(b) to make an equal nonelective contribution to Public Safety and Firefighter employees who participates in the Tier II Defined Contribution (DC) Plan, and

WHEREAS, URS Contribution Rates have been published for Fiscal Year 2024-2025 showing increases to Public Safety and Firefighter Tier II Defined Benefit “Employee” Contributions from 2.59% (FY 2023-2024) to 4.73% (FY 2024-2025); and

WHEREAS, in 2020 Santaquin City elected to pick up the “Employee” Contribution in the Tier II DB Hybrid System for Public Safety employees and make an equal 401K Employer Contribution to Tier II Public Safety in the Defined Contribution (DC) as required by law; and

WHEREAS, in 2021 Santaquin City elected to pick up of the “Employee” Contribution in the Tier II DB Hybrid System for Firefighter employees and make an equal 401K Employer Contribution to Tier II Public Safety in the Defined Contribution (DC) as required by law; and

WHEREAS, Santaquin City desires to pick-up the “Employee” Contributions for employees participating in the Public Safety and Firefighter Tier II Defined Benefit (DB) Hybrid Plan and make a 401K Employer contribution for employees participating in the Public Safety Defined Contribution (DC) Plan (as required); and

WHEREAS, In 2018, with a desire to create a strategic enticement to retain and recruit police officers, the Santaquin City Council elected to create a new program for its full time public safety personnel known as “Tier II Parity”, in which Santaquin City would pay an equivalent retirement contribution for all of its full time police officers regardless of whether the officer was considered a “Tier I” employee or a “Tier II” employee as defined by URS;

the only unique aspect being that the Tier II employees would have the difference in their retirement contributions (from Tier II to Tier I) placed into a 401K retirement account; and

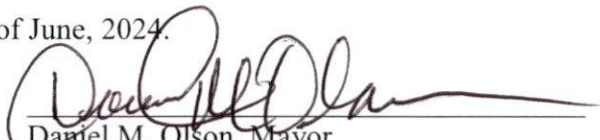
WHEREAS, Santaquin City desires to use a portion of the funds from its “Tier II Parity” program to pay for its public safety officer’s “Employee” contributions, while continuing to place the remainder of the difference between Tier II and Tier I employees into a 401K Retirement account as was done previously; and

WHEREAS, Santaquin City understands that these “Employee” Contribution rates are re-calculated each year by URS and may increase or decrease in the future, and can be increased if desired and approved by City Council, or decreased to the “Employee” contribution rate in coming years;

NOW THEREFORE, be it resolved by the Santaquin City Council to:

- Approve and submit the attached “Employer Election to Pick-Up Member: Tier II Public Safety and Firefighter Form”,
- Pick-Up “Employee” Contributions for Tier II Public Safety and Firefighter employees (as applicable in the future) participating in the Defined Benefit (DB) System in a maximum amount of 4.73% or the “Employee” contribution rate each year as determined by URS up to a maximum of 4.73%; and
- Make an Employer 401K Contribution for Tier II Public Safety Officers and Firefighter employees (as applicable in the future) participating in the Defined Contribution (DC) Plan in a maximum amount of 4.73% or the “Employee” contribution rate each year as determined by URS up to a maximum of 4.73%, as required; and
- To continue the Santaquin City “Tier II Parity” program by an amount reduced by the employer contributions through the aforementioned employer election to Pick-Up “Employee” Contributions; and
- Establish an Effective Date for the aforementioned “Employee” Contribution pick up and equal Employer 401K Contribution to be the pay period beginning June 30, 2024.

PASSED AND APPROVED this 4th day of June, 2024.

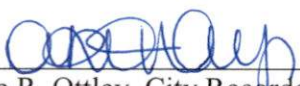


Daniel M. Olson, Mayor



Councilmember Art Adcock	Voted	YES
Councilmember Brian Del Rosario	Voted	YES
Councilmember Travis Keel	Voted	YES
Councilmember Lynn Mecham	Voted	ABSENT
Councilmember Jeff Siddoway	Voted	YES

Attest



Amalie R. Ottley, City Recorder




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Employer Election To Pick-Up Member Contributions Tier 2 Public Safety and Firefighter Contributory System

Instructions:

1. This form is designed to notify URS of an Employer's formal election to pick-up Member retirement contributions for Tier 2 Public Safety and Firefighter Employees.
2. This form and accompanying documentation must be returned to URS for processing.
3. A pick-up election is subject to federal law, resulting in tax and legal consequences, including limitations about the ability to modify or revoke the election. For information regarding employer pick-up contributions, please refer to federal law and guidance, including Internal Revenue Code Section 414 and IRS Revenue Ruling 2006-43. If you would like to update the *Employer Election to Pick-Up Member Contributions* form on file for your Tier 2 Public Safety and Firefighter employees, please input the total amount you are electing to pick-up. By submitting this information, it will amend your previous election, and it cannot be less than the previous pick-up amount.
4. An Employer should consult its legal, financial, and tax advisors if it has any questions concerning the consequences of Member contribution pick-ups and submitting this form.

SECTION A » EMPLOYER INFORMATION		
Employer Name Santaquin City	Employer Number 469	Date 06/04/2024
Desired Effective Date: <u>Pay Period Beg 6/30/2024</u> (The effective date must be after the date that the pick-up election was formally adopted as provided in the attached documentation.)		
SECTION B » PICK-UP AMOUNT(S)		
<p>The above-named Employer certifies that it has taken formal action to provide that the contributions on behalf of its covered employees in the following URS System, although designated as employee contributions, will be paid by the employer in lieu of employee contributions. (Check the box and fill in the portion of employee contributions picked-up for each class of employees below.)</p> <p>Please also attach written documentation to this form that provides evidence that the Employer formally elected to prospectively pick-up specified employee contributions. (For example, ordinance, resolution, governing body meeting minutes, etc.) Note: If you are picking-up contributions for public safety, and firefighter employees, check all the boxes</p> <p><input checked="" type="checkbox"/> Tier 2 Public Safety and Firefighter Contributory Retirement System, with the following pick-up election that will be paid by the Employer in lieu of employee contributions for members serving as a Public Safety Officer:</p> <p style="margin-left: 40px;"><input type="radio"/> <u>4.73</u> % of salary. (*e.g., 4.73% of salary)</p> <p><input checked="" type="checkbox"/> Tier 2 Public Safety and Firefighter Contributory Retirement System, with the following pick-up election that will be paid by the Employer in lieu of employee contributions for members serving as a Firefighter:</p> <p style="margin-left: 40px;"><input type="radio"/> <u>4.73</u> % of salary. (*e.g., 4.73% of salary) (if/when applicable in the future)</p> <p><small>*These amounts are the required Member Contribution Rates effective July 1, 2024. Employers are not required to pay the full Member Contribution rate and may pick up a percentage of salary. The percentages included by the Employer may not exceed the required Member Contribution rate and cannot be less than the amount previously picked-up by the Employer.</small></p>		
SECTION C » CERTIFICATION AND SIGNATURE		
<p>I acknowledge, certify and understand the following:</p> <ul style="list-style-type: none"> » I represent and have the authority to sign and submit this form on behalf of the Employer; » The Employer has taken all appropriate and necessary actions to make a formal Employer pick-up regarding employee contributions on behalf of its employees; » The election to pay for the Employee contributions shall constitute an Employer pick-up of designated contributions pursuant to Internal Revenue Code Section 414(h); » From and after the date of the pick-up election, an Employee may not: 1) have a cash or deferred election right with respect to designated Employee contributions; 2) be permitted to opt out of the pick-up; or 3) have the option of choosing to receive or receiving the contributed amounts directly instead of having them paid by the Employer to the specified system/plan; » In order for contributions to be considered paid by the employer, and therefore not subject to Social Security and Medicare tax (FICA), the Employer contributions: 1) Must be mandatory for all Employees covered by the retirement system; and 2) Must be a salary supplement and not a salary reduction—in other words, the Employer must not reduce employee salary to offset the amount designated as employee contributions; » Future modifications to this Employer election may be disallowed or limited; » The election authorized to be taken by the foregoing is not contrary to any governing provisions of the Employer; » I understand that URS is not providing the Employer legal, financial, or tax advice relating to making a "pick-up" election or submitting this form; » The information provided on this form and attached documentation is correct and can be relied upon by URS; and » I agree that the Employer will indemnify URS from and against any claims or other liability including attorney fees based upon the Employer's failure to comply with pick-up election requirements. 		
Printed Name of Employer Representative (Binding Official) Daniel M. Olson	Signature of Binding Official 	Title Mayor