

FEATHER RIVER AIR QUALITY MANAGEMENT DISTRICT  
MEMORANDUM  
June 5, 2017

TO: FRAQMD BOARD OF DIRECTORS

FROM: Christopher D. Brown, AICP, APCO

SUBJECT: Approve Resolution #2017-04 to authorize CalPERS to tax defer Member Paid Contribution – IRC 414(h)(2) Employer pick up and authorize the Chairman to execute related documents.

---

RECOMMENDATION:

Approve CalPERS Resolution #2017-04 to meet the requirements of the Internal Revenue Code – IRC414(h)(2).

ALTERNATIVES:

None.

BACKGROUND:

IRC section 414(h)(2) specifies that the contributions, although designated as employee contributions, are being paid by the employer. For this purpose, the employer must take formal action to provide that the contribution on behalf of a specific class of employees of the employer, although designated as employee contributions, will be paid by the employing unit in lieu of employee contributions.

It does not permit a participating employee, from and after date of the “pick-up”, to have a cash or deferred election right with respect to designated employee contributions. Participating employees must not be permitted to opt out of the “pick-up”, or to receive the contributed amount directly instead of having them paid by the employer to the plan.

FISCAL IMPACT:

None.