

R-6-17

**RESOLUTION OF THE MAYOR AND TOWN COUNCIL  
AUTHORIZING THE PICK-UP PROGRAM  
FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
EMPLOYEES' PENSION SYSTEM AND  
LAW ENFORCEMENT OFFICERS' PENSION SYSTEM**

WHEREAS, the Mayor and Town Council of the Town of Cheverly, Maryland ("Mayor and Council") met at a duly called and authorized meeting of the Town of Cheverly on the date set forth below, such meeting being duly called pursuant to a notice stating the time, place and purpose of the meeting received by the Mayor and Town Council, and the following resolutions were made, seconded, and adopted by those present at the meeting.

WHEREAS, the Mayor and Town Council is not currently an approved employer in the Employee Pick-Up Program under Md. Code Ann. State Personnel and Pensions Article ("SPP") section 21-313, with respect to its employees who participate in the Employees' Pension System ("EPS");

WHEREAS, by Resolution R-5-17, the Mayor and Town Council approved participation of the eligible law enforcement personnel employed by the Town of Cheverly Police Department ("Officers") in the Law Enforcement Officers' Pension System ("LEOPS") effective July 1, 2017;

WHEREAS, current Officers who are members of the EPS on or before June 30, 2017 have elected to transfer to the LEOPS, and all new eligible Officers employed on or after July 1, 2017 will be enrolled in LEOPS;

WHEREAS, effective on July 1, 2017, the Mayor and Town Council desire for the Town of Cheverly to become an approved employer in the Employer Pick-Up Program under Md. Code Ann. State Personnel and Pensions Article ("SPP") section 21-313, with respect to its employees and law enforcement personnel participating in the EPS and LEOPS;

WHEREAS, the Mayor and Town Council have the authority to adopt this resolution on behalf of the Town of Cheverly;

WHEREAS, the State Retirement Agency has adopted procedures for reporting picked-up contributions in order to provide consistency in the administration of State law; and

WHEREAS, employers may pick-up all of the mandatory employee contributions for employees participating in the EPS and LEOPS;

**NOW, THEREFORE, BE IT RESOLVED, that effective as of July 1, 2017, the Mayor and Town Council have determined to pick up all of the mandatory contributions by the employees who are members of the EPS and LEOPS through a payroll reduction;**

**BE IT FURTHER RESOLVED, that said picked-up contributions paid by payroll reduction, even though designated as employee contributions for State law purposes, are being paid by the Town of Cheverly in lieu of said contributions by the employee; and**

**BE IT FURTHER RESOLVED, that said employee members of the LEOPS shall not be entitled to any option of choosing to receive the contributed amounts directly instead**

of having them paid by the Town of Cheverly to the LEOPS. This pick-up applies to mandatory contributions that the employee is required to make to LEOPS.

Attest: \_\_\_\_\_  
\_\_\_\_\_ Mayor

\_\_\_\_\_  
Councilmember Councilmember

\_\_\_\_\_  
Councilmember Councilmember

\_\_\_\_\_  
Councilmember Councilmember

*Notes:*

- Picked-up contributions will not be included in the gross income of the employees for tax reporting purposes, that is, for federal income tax withholding taxes, until distributed from the LEOPS.
- 2. Picked-up contributions will be included in the gross income of the employees, for employment tax purposes, if required, as the contributions are made to the LEOPS.
- 3. This resolution is designed to comply with the formal action requirement set forth in Revenue Ruling 2006-43, issued by the Internal Revenue Service. The resolution should only be used where the contributions to be picked up are mandatory employee contributions. This resolution does not apply if a participating employee from and after the date of the “pick-up” has a cash or deferred election right (within the meaning of Section 1.401(k)-1(a)(3)) with respect to designated employee contributions. Thus, for example, participating employees must not be permitted to opt out of the “pick-up,” or to receive the contributed amounts directly instead of having them paid by the employing unit to the System.