TOWN OF HAMILTON

LOUDOUN COUNTY, VIRGINIA

RESOLUTION: 2010-03 **PRESENTED:** June 14, 2010

ADOPTED: June 14, 2010

A RESOLUTION: Authorization to Pick-up the Employee's Contribution to Virginia Retirement System ("VRS") Under §414(H) of the Internal Revenue Code For Plan 2 Employees

WHEREAS, the Virginia General Assembly, in its 2010 session passed legislation creating a separate retirement plan for employees hired on or after July 1, 2010 (hereafter referred to as "Plan 2 Employees"). The legislation stipulates that Plan 2 Employees will pay their 5 percent member contribution and that, absent other action by the employer, such contributions will be paid through salary reduction according to Internal Revenue Code §414(h) on a pre-tax basis; and

WHEREAS, the legislation allows certain employers, including the Town of Hamilton, to pick-up and pay all or a portion of the member contributions on behalf of its Plan 2 Employees as an additional benefit not paid as salary; and

WHEREAS, the election to pick-up and pay all or a portion of the member contributions on behalf of its Plan 2 Employees as an additional benefit not paid as salary shall, once made, remain in effect for the applicable fiscal year (July 1 – June 30) and shall continue in effect beyond the end of such fiscal year absent a subsequent resolution changing the way the 5 percent member contribution is paid; and

WHEREAS, employee contributions that are picked-up as an additional benefit not paid as salary are not considered wages for purposes of VA Code §51.1-700 et seq. nor shall they be considered salary for purposes of VA Code §51.1-100 et seq.; and

WHEREAS, the Town of Hamilton desires to pick-up and pay its Plan 2 Employees' member contributions to VRS as an additional benefit not paid as salary in an amount equal to 5% of creditable compensation; and

WHEREAS, VRS tracks such picked-up member contributions and is prepared to treat such contributions as employee contributions for all purposes of VRS.

NOW, THEREFORE, IT IS HEREBY RESOLVED that effective the first day of July 1, 2010, the Town of Hamilton shall pick-up member contributions of its Plan 2 Employees

to VRS as an additional benefit not paid as salary in an amount equal to 5% creditable compensation subject to the terms and conditions described above; and it is further

RESOLVED that such contributions, although designated as member contributions, are to be made by the Town of Hamilton in lieu of member contributions; and it is further

RESOLVED that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the picked-up contributions made by The Town of Hamilton directly instead of having them paid to VRS.

ADPOTED IN Hamilton, Virginia, this 14th day of June, 2010.

H. Ray Whitbey, Mayor

Recorded Vote:

Motion by: *Michael E. Snyder*
Seconded by:

Yeas: *6*
Nays: *0*
Abstentions: *0*
Absent for Vote: *1*

ATTEST:

Mary Tussing, Recorder