



City Council Staff Report

Date:

June 19, 2024

Prepared By:

Camille Brown

Public Hearing:

No

Attachments:

Resolution

REQUEST

Consideration of a Resolution authorizing city pick-up of Public Safety and Firefighter employee retirement contributions.

BACKGROUND & DESCRIPTION

Tier 2 retirement funds were setup back in 2011 to address shortfalls in the State pension system. In June of 2020 & 2022 the Mapleton City Council found it beneficial for the city to pick up the retirement costs of Tier 2 public safety employees. The intent was to bring Tier 2 public safety officer's and firefighters retirement to Tier 1 retirement benefit levels.

Starting in July 2024 there is a 2.41% pension increase for Tier 2 Public Safety and Firefighters employees. This increase can be picked up by the employee or if the City Council decides by Mapleton City. There are 8 officers and 2 firefighters that are in the tier 2 retirement.

RECOMMENDATION

Adopt the proposed Resolution.

RESOLUTION No. 2024-

A RESOLUTION AUTHORIZING AN INCREASE OF CITY PICK UP OF PUBLIC SAFETY AND FIREFIGHTER EMPLOYEE RETIREMENT CONTRIBUTIONS

WHEREAS Mapleton City ("City") employs employees who are eligible for and participate as members in the New Public Safety and Firefighter Tier II Contributory Retirement System administered by the Utah Retirement Systems;

WHEREAS, in accordance with federal and state law, including Section 414(h)(2) of the Internal Revenue Code, employers may take formal action to pick up required employee contributions, which will be paid by the employer in lieu of employee contributions;

WHEREAS the City desires to formally pick up a portion of the employee contributions required to be paid under Utah Code Ann. § [49-23-301](#)(2)(c), as enacted in SB 56, Public Safety and Firefighter Tier II Retirement Enhancements (2020 General Session), for all City employees participating in the New Public Safety and Firefighter Tier II Contributory Retirement System; and

WHEREAS the City Council is duly authorized to take this formal action on behalf of the City as a participating employer with the Utah Retirement Systems.

NOW, THEREFORE, BE IT RESOLVED that the Mapleton City Council as follows:

1. Beginning July 1, 2024, the City shall prospectively pick up and pay required employee contributions for all City employees who are members of the New Public Safety and Firefighter Tier II Contributory Retirement System, subject to a maximum of 4.73% of compensation for each employee which is an increase of 2.14% from the percentage of 2.59% enacted in June of 2022.
2. The picked-up contributions paid by the City, even though designated as employee contributions for state law purposes, are being paid by the City in lieu of the required employee contributions.
3. The picked-up contributions will not be included in the gross income of the employees for tax reporting purposes, that is, for federal or state income tax withholding taxes, until distributed from the Utah Retirements Systems, so that the contributions are treated as employer contributions pursuant to Section 414(h)(2) of the Internal Revenue Code.
4. The picked-up contributions are a supplement and not a salary reduction to the City employees who are eligible for and participating members in the New Public Safety and Firefighter Tier II Contributory Retirement System.

5. From and after the date of this pick up, a City employee may not have a cash or deferred election right with respect to the designated employee contributions, including that the employees may not be permitted to opt out of the pick-up and may not be entitled to any option of choosing to receive the contributed amounts directly instead of having them paid by the City on behalf of its employees to the Utah Retirement Systems.

6. This resolution shall take effect on July 1, 2024.

ADOPTED by the Mapleton City Council this 19th day of June, 2024.

DALLAS HAKES, Mayor

Attest:

CAMILLE BROWN, City Recorder