

04/12/89

OHIO TURNPIKE COMMISSION

Resolution Providing for a Fringe Benefit
Pick-up of Employee Contributions to PERS

WHEREAS, certain employees of the Ohio Turnpike Commission ("Commission") are members of the Public Employees Retirement System ("PERS") established pursuant to Chapter 145 of the Ohio Revised Code;

WHEREAS, Commission employees who are members of PERS are obligated to contribute a specified percentage of their compensation to PERS;

WHEREAS, amounts paid by such employees to PERS are currently includible in gross income for federal income tax purposes;

WHEREAS, Section 414(h)(2) of the Internal Revenue Code provides that the Commission, as employer, may pick-up (assume and pay) employee contributions to PERS and that such amounts will not be currently taxed for federal income tax purposes;

WHEREAS, the Commission has agreed that it will adopt a salary reduction pick-up on behalf of its employees who are included in a collective bargaining unit represented by Local 860 of the Laborers' International Union of North America ("collective-bargaining unit"); and

WHEREAS, in accordance with Section 414(h)(2) of the Internal Revenue Code, the Commission wishes to adopt a salary reduction pick-up on behalf of its collective-bargaining unit employees and all other employees of the Commission;

NOW, THEREFORE, BE IT RESOLVED by the Ohio Turnpike Commission that:

Section 1. The Commission's method of payment of salary and provision of fringe benefits to its employees who are participants in PERS are hereby modified as follows, in order to provide for a salary reduction pick-up of employee contributions to PERS.

Section 2. The total annual salary, and salary per pay period, for each employee shall be the salary otherwise payable under the Commission policies and any collective bargaining agreement with respect to union employees. Such total annual salary, and salary per pay period, of each employee shall be payable by the Commission in two parts: (a) deferred salary and (b) cash salary. An employee's deferred salary shall be equal to that percentage of that employee's total annual salary, or salary per pay period, which is required from time to time by PERS to be paid as an employee contribution by that employee, and shall be paid by the Commission to PERS on behalf of that employee as a pick-up and in lieu of the PERS employee contribution otherwise payable by that employee. An employee's cash salary shall be equal to that employee's total annual salary or salary per pay period less the amount of the pick-up for that employee, and shall be payable, subject to applicable payroll deductions, to that employee. The Commission shall compute and remit its

employer contributions to PERS based upon an employee's total annual salary per pay period, including the aforesaid pick-up. The total combined expenditures of the Commission for such employees' total salaries otherwise payable under applicable Commission policies and any collective bargaining agreement with union employees (including pick-up amounts) shall not be greater than the amounts it would have paid for those items had this provision not been in effect.

Section 3. The employee contribution pick-up shall be included in the employee's total annual salary for the purpose of computing daily rate of pay, for determining paid salary adjustments to be made due to absence, or for any similar purpose.

Section 4. The pick-up by the Commission of an employee's contributions to PERS shall be mandatory for all employees described who are members of PERS. No such member shall have the option of choosing to receive the contributed amounts directly instead of having them paid by the Commission to PERS.

Section 5. The Commission shall fulfill its income tax reporting and withholding responsibilities for each employee in such manner as is required by applicable federal, state and local laws and regulations as they may exist at the time of such reporting and withholding, it being the Commission's understanding that federal and Ohio state income tax laws and regulations presently require it to report as an employee's gross income his total annual salary less the amount of the employee contribution pick-up while applicable municipal income tax laws may require it to report as an employee's gross income his total annual salary including the amount of the employee contribution pick-up.

Section 6. The Executive Director (or his designee), and the Comptroller (or his designee) hereby are directed to take all acts necessary and appropriate to implement the provisions of this resolution, including but not limited to making applications to the Internal Revenue Service for a private letter ruling concerning the federal income tax treatment of the pick-up plan and making applications to PERS to determine the PERS requirements in connection with such pick-up plan.

Section 7. The pick-up shall apply to all payroll periods beginning on and after the date that a private letter ruling approving the pick-up is received from the Internal Revenue Service.

(Resolution No. 2-1989 adopted April 12, 1989)