

Sample Employer Resolution

403(b) based Special Pay Plan

Action Item

Authorize the Administration to implement a plan that utilizes IRS Code Section 403(b) to save the Employer payroll taxes on payments to Employees at retirement.

Supporting Information

Master contract agreements with various Employee groups and Employer Policy currently provide for retirement incentives for eligible Employees at retirement. Enhancements to the IRS Tax Code allow the Employer to implement plans that save the Employer the 7.65% FICA taxes (Social Security and Medicare) on these payments. The retiring Employee also derives a tax-advantage as a result of implementing the Special Pay Plan.

Documents necessary to implement the Plan and Plan Administration are available at no cost.

The Administration, in cooperation with Employee group representatives and with legal review, has selected the Special Pay Plan offered through National Insurance Services and administered by MidAmerica Administrative & Retirement Solutions, Inc. The Plan and Plan Administration best provides for the interests of the Employer and its Employees. It is the intent of the Administration that if this item is approved, the Plan be implemented as soon as practical.