



## The Mayor and Commissioners of the Town of Elkton

### Resolution R5-2010 Elkton Police Pension Plan

**A RESOLUTION** of the Mayor and Commissioners of the Town of Elkton ( "Town" ) electing to treat participating police officers' contributions under the Town of Elkton Police Pension Plan as employer contributions for Federal income tax purposes.

**WHEREAS**, the Mayor and Commissioners approved a Collective Bargaining Agreement between the Town and the Elkton Police Fraternal Order of Police Lodge #124, Inc. ("Elkton Police FOP"), effective July 1, 2009, through June 30, 2013 ( "Agreement" ); and

**WHEREAS**, all sworn officers of the Town below the rank of lieutenant are members of the Elkton Police FOP, and lieutenants, though not members of the Elkton Police FOP, are granted parity by the Town with respect to pension benefits (collectively referred to as "Participants"); and

**WHEREAS**, Article 9 of the Agreement provides that the Town develop and implement a *defined benefit pension plan* for the Elkton Police FOP, to be designated as the *Town of Elkton Police Pension Plan* ( "Plan" ) for the Participants, effective July 1, 2010; and

**WHEREAS**, the Participants will make contributions to the Plan equal to Eight Percent (8%) of their annual base salary; and

**WHEREAS**, Section 414(h) of the Internal Revenue Code of 1986, as amended, permits a governmental employer to designate mandatory employee contributions to a qualified plan as being "picked up" by the employer and, thereby, sheltering those contributions from Federal income tax; and

**WHEREAS**, the Town has elected to treat the mandatory Participants' contribution of eight percent (8%) of their annual base salary as being "picked up" by the Town; and

**WHEREAS**, the Town was advised to adopt resolutions to specify certain matters relating to the contributions by the Participants under the Plan so that the Town may receive a letter ruling from the Internal Revenue Service, ruling that the Participants' contributions may be made on a pre-tax basis.

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Commissioners of the Town of Elkton, as follows:**

1. That the Town shall pick up the eight percent (8%) contribution required to be made by the Participants of the Plan and shall consider this amount to be an employer contribution for Federal tax purposes; therefore, the Participants will not have access to these funds.
2. That the Participants' contribution, although designated as an employee contribution, shall be paid (picked up) by the Town pursuant to Section 414(h)(2) of the Internal Revenue Code of 1986, as amended.
3. That the Participants will not be given the option of choosing to receive the contributed amounts directly in lieu of having them paid by the Town to the Plan.
4. That a copy of this Resolution shall be provided to the Internal Revenue Service in connection with a request by the Town for a letter ruling from the Internal Revenue Service.

**READ AND PASSED THIS 16<sup>TH</sup> DAY OF JUNE, 2010**

**The Mayor and Commissioners  
of the Town of Elkton**

Joseph L. Fisona, Mayor

Charles H. Givens, Sr., Commissioner

Charles E. Hicks, V, Commissioner

Mary Jo Jablonski, Commissioner

Earl M. Piner, Sr., Commissioner