

Resolution # 2011-~~220~~

Resolution to establish two new health plans also called 'Cafeteria Plans' pursuant to Section 125 of the Internal Revenue Code

WHEREAS, the law now requires public employers to provide its employees 2 Section 125 health plan benefits: a 'Premium Option Plan" (POP) and a "Flexible Spending Account" (FSA), and

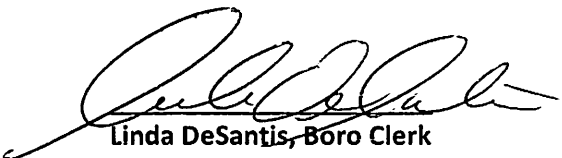
WHEREAS, these 'Cafeteria Plans' are to be taken as "pre-tax" benefits, that is, not subject to federal income taxes, and

WHEREAS, the Open Enrollment period for municipal employees is from October 1st-October 31st, 2011, the only time when employees can change their current health plans for the upcoming new year, and

WHEREAS, the Borough of Mt. Arlington does not currently have nor offer 'Cafeteria Plans to its employees,

NOW THEREFORE BE IT RESOLVED that the Mayor and Council of the Borough of Mt. Arlington does hereby authorize the establishment of the two above-referenced Cafeteria Plans to be offered to its employees during 2011 Open Enrollment period and also hereby directs the Borough Clerk to forward a copy of this official Resolution and cover letter to the Division of Pensions and Benefits, P.O. Box 299, Trenton, NJ 08625.

I certify that this is a true and correct copy of the Resolution adopted by the Mayor and Council of the Borough of Mt. Arlington at its regular meeting held on September 6, 2011.



Linda DeSantis, Boro Clerk

**Boro of Mt. Arlington
Finance Office
973-398-6832 x11
973-398-9087 (Fax)**

September 1, 2011

To: Mayor and Council

Re: 2011 Pension and Health Benefits Reform

Local Finance Notice #2011-20 covers the implementation of health and pension benefit reforms as per P.L. 2011 c. 78 (a copy of this LFN is available in the Finance Office for your convenience). This notice is directed to municipalities, counties and local authorities who provide health care coverage to its employees.

As per Section 125 of the Internal Revenue Code public employers are now required to offer its employees these 'Cafeteria Plans' as soon as administratively practical. These plans are offered on a pre-taxed basis—that is to say all contributions to health benefits will now be before federal income and FICA (Social Security and Medicare) taxes are calculated. For more information, please refer to www.irs.gov/govt/fslg/article/0.