

**RESOLUTION NO. 62-2010**

**RESOLUTION AUTHORIZING THE BOROUGH CLERK TO ESTABLISH A  
SECTION 125 PREMIUM ONLY PLAN**

**WHEREAS, the Governor and Legislature of the State of New Jersey have created Chapter 2, P.L. 2010, requiring government employees to contribute 1.5% of their base salary towards the cost of their benefits; and**

**WHEREAS, qualifying employees have also elected to purchase disability income policies within a Flexible Benefits Plan through Aflac Benefit Services, and**

**WHEREAS, Section 125 of the Internal Revenue Code permits an employer to create a Section 125 plan which allows employees to have their portion of medical expenses and disability income policies taken out of their pay on a pretax basis; and**

**WHEREAS, a Section 125 plan will allow employees to lower their income tax liability and also save the Municipality income tax liability; and**

**WHEREAS, the establishment of a Section 125 Premium Only Plan will have no direct expense to the Borough of Riverdale; and**

**WHEREAS, the Borough of Riverdale will save the amount of employment taxes that would have been paid from wages that are now used to pay medical and disability income insurance costs;**

**NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Riverdale, in the County of Morris, State of New Jersey as follows that the Borough Clerk is hereby authorized to execute necessary documents to establish a Section 125 Premium Only Plan that allows employees to pay their share of health care insurance costs and disability income insurance costs using pre-tax income.**

**Adopted: September 16, 2010**

**BOROUGH OF RIVERDALE**

**ATTEST:**

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**Carol J. Talerico, R.M.C.  
Municipal Clerk**

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**William Budesheim  
Mayor**