

Act No. 50  
Public Acts of 1993  
Approved by the Governor  
May 30, 1993  
Filed with the Secretary of State  
June 01, 1993

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1993**

**Introduced by Senator Wartner**

# **ENROLLED SENATE BILL No. 54**

AN ACT to amend section 33 of Act No. 427 of the Public Acts of 1984, entitled as amended "An act to provide for a retirement system for municipal and judicial employees; to create a retirement board and to prescribe its powers and duties; to prescribe the powers and duties of certain other state officers and agencies; and to repeal certain acts and parts of acts," as amended by Act No. 63 of the Public Acts of 1992, being section 38.1533 of the Michigan Compiled Laws; and to add section 58.

*The People of the State of Michigan enact:*

Section 1. Section 33 of Act No. 427 of the Public Acts of 1984, as amended by Act No. 63 of the Public Acts of 1992, being section 38.1533 of the Michigan Compiled Laws, is amended and section 58 is added to read as follows:

Sec. 33. (1) A participating municipality or participating court that requires, on May 22, 1992, member contributions on account of compensation earned, by resolution of the governing body of the municipality or by administrative order of the chief judge of the court, shall adopt contribution program P before January 1, 1993. The resolution or administrative order adopting contribution program P shall allow each member of the retirement system of the participating municipality or participating court to elect whether the participating municipality or participating court shall pick up that member's required contributions on account of compensation earned after the effective date of contribution program P. The participating municipality or participating court shall provide for the election within 30 days of the date of the resolution or administrative order. For each member who elects to have his or her contributions picked up under contribution program P, the program shall become effective on the date of the resolution or the administrative order, or on the date the retirement system receives notification from the United States internal revenue service of approval of this program, whichever occurs later. For each member who elects to not have his or her contributions picked up under contribution program P, the program shall not become effective. A member who is employed by the participating municipality or participating court after the date of the resolution or administrative order adopting contribution program P shall have his or her required contributions picked up under contribution program P.

(2) A participating municipality or a participating court that requires member contributions on account of compensation earned after May 22, 1992 shall adopt, by resolution or administrative order, contribution program P to pick up member contributions required on account of compensation earned after the effective date of contribution program P. Contribution program P shall become effective on the date of the resolution or administrative order, or on the date the retirement system receives notification from the United States internal revenue service of approval of this program, whichever occurs later.

(3) The picked up contributions shall be treated as participating municipality or participating court contributions for the purpose of determining tax treatment under the internal revenue code. The participating municipality or

participating court shall pay contributions picked up under contribution program P from the same source of funds that are used for paying compensation to the member.

(4) A participating municipality or participating court shall pick up member contributions by a reduction in the member's cash salary or an offset against a future salary increase, or both. The participating municipality or participating court shall designate contributions that are picked up and paid to the retirement system as employer contributions in lieu of employee contributions to the retirement system. The members who participate in contribution program P shall not have the option of receiving the contributed amounts directly instead of having those amounts paid to the retirement system. Member contributions picked up pursuant to contribution program P shall be treated for all other purposes in the same manner and to the same extent as member contributions made before the effective date of an election of contribution program P.

Sec. 58. A participating municipality shall not recognize prior service credit of any employee of the municipality who becomes a member of this retirement system for the purpose of calculating a retirement allowance under this act unless all of the following requirements are met:

(a) The municipality transfers to the retirement system all contributions made by the municipality on behalf of that employee to an employer financed retirement system plus all accumulated earnings on those contributions.

(b) The member relinquishes for that member and his or her beneficiaries and heirs all rights to receive a retirement allowance or any other benefit based upon the contributions made by the municipality to the employer financed retirement system.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Co-Clerk of the House of Representatives.

Approved \_\_\_\_\_

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Governor.

