

HOUSE BILL No. 5929

(As amended May 15, 2002)

April 18, 2002, Introduced by Rep. Vander Roest and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 2002 PA 100, entitled
"Public employee retirement benefit protection act,"
by amending section 6 (MCL 38.1686).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) ~~—A—~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUB-
2 SECTION, A retirement system may elect by a majority vote of its
3 governing body to establish and administer an arrangement and
4 fund to pay accrued benefits of its members to its members to the
5 extent that the accrued benefits paid out of the fund would not
6 otherwise be payable under limitations in section 415 of the
7 internal revenue code. An arrangement and fund established under
8 this section shall be kept separate from the pension assets of
9 participating units. FOR A RETIREMENT SYSTEM ESTABLISHED BY A
10 POLITICAL SUBDIVISION OF THIS STATE [OTHER THAN A MUNICIPALITY OR COURT
11 THAT PARTICIPATES IN THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM UNDER THE
MUNICIPAL EMPLOYEES RETIREMENT ACT OF 1984, 1984 PA 427, MCL 38.1501 TO
38.1555], AN ARRANGEMENT AND FUND
ESTABLISHED UNDER THIS SUBSECTION SHALL ALSO BE APPROVED BY THE

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1 GOVERNING BODY OF THE POLITICAL SUBDIVISION THAT ESTABLISHED THE
2 RETIREMENT SYSTEM, IF THE POLITICAL SUBDIVISION HAS A GOVERNING
3 BODY.

4 (2) If an arrangement and fund is established by a retire-
5 ment system under subsection (1), the arrangement and fund shall
6 be established and administered in accordance with section 415(m)
7 of the internal revenue code. The governing board of the partic-
8 ipating unit or the department on behalf of a state unit may
9 establish and adopt policies and procedures for the arrangement
10 and fund.

11 (3) If an arrangement and fund is established under
12 subsection (1), the benefits that are paid from the fund shall be
13 paid out of employer contributions or other eligible assets. The
14 governing board shall determine the amount of the employer con-
15 tribution that shall be allocated to the arrangement and fund.
16 Employer contributions and other eligible assets that are con-
17 tributed to the arrangement and fund shall be deposited in the
18 arrangement and fund before deposits are made to the pension
19 system of the participating unit.

20 (4) Nothing in this section is intended to limit the amount
21 of employer contributions that are contributed to a retirement
22 fund of a participating unit for the accrued benefits that are
23 allowed to be paid under section 415 of the internal revenue
24 code.