

# HOUSE BILL No. 5854

September 11, 2012, Introduced by Reps. Pscholka, MacMaster, Potvin, Rogers, MacGregor, Nesbitt, Hovey-Wright, Lori, Jenkins, Hughes, Daley, Ananich, Brunner, Liss and LeBlanc and referred to the Committee on Appropriations.

A bill to amend 1992 PA 234, entitled  
"The judges retirement act of 1992,"  
by amending the title and sections 105, 106, 111, 214, 214a, 217,  
305, and 714 (MCL 38.2105, 38.2106, 38.2111, 38.2214, 38.2214a,  
38.2217, 38.2305, and 38.2664), the title and sections 214, 217,  
305, and 714 as amended by 2002 PA 95, section 105 as amended by  
2008 PA 514, section 106 as amended by 1995 PA 193, and section  
214a as added by 1999 PA 215, and by adding sections 214b, 309, and  
310.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### TITLE

An act to establish a judges retirement system; to provide for  
the administration and maintenance of the retirement system; to  
create a retirement board; to prescribe the powers and duties of

1 the retirement board; to establish certain reserves for the  
2 retirement system; to establish certain funds; to prescribe the  
3 powers and duties of certain state departments and certain state  
4 and local officials and employees; to provide for certain  
5 disqualifications; **TO MAKE APPROPRIATIONS**; to prescribe penalties  
6 and provide remedies; and to repeal acts and parts of acts.

7 Sec. 105. (1) Beginning January 1, 2002, except as otherwise  
8 provided in this subsection, "eligible retirement plan" means 1 or  
9 more of the following:

10 (a) An individual retirement account described in section  
11 408(a) of the internal revenue code, 26 USC 408.

12 (b) An individual retirement annuity described in section  
13 408(b) of the internal revenue code, 26 USC 408.

14 (c) An annuity plan described in section 403(a) of the  
15 internal revenue code, 26 USC 403.

16 (d) A qualified trust described in section 401(a) of the  
17 internal revenue code, 26 USC 401.

18 (e) An annuity contract described in section 403(b) of the  
19 internal revenue code, 26 USC 403.

20 (f) An eligible plan under section 457(b) of the internal  
21 revenue code, 26 USC 457, that is maintained by a state, political  
22 subdivision of a state, or an agency or instrumentality of a state  
23 or political subdivision of a state and that separately accounts  
24 for amounts transferred into ~~such~~**THE** eligible plan under section  
25 457(b) of the internal revenue code, 26 USC 457, from this  
26 retirement system, that accepts the distributee's eligible rollover  
27 distribution.

1 (g) Beginning January 1, 2008, a Roth individual retirement  
2 account as described in section 408A of the internal revenue code,  
3 26 USC 408A, subject to the rules that apply to rollovers from a  
4 traditional individual retirement account to a Roth individual  
5 retirement account.

6 (2) Beginning January 1, 2007, "eligible rollover  
7 distribution" means a distribution of all or any portion of the  
8 balance to the credit of the distributee. Eligible rollover  
9 distribution does not include any of the following:

10 (a) A distribution made for the life or life expectancy of the  
11 distributee or the joint lives or joint life expectancies of the  
12 distributee and the distributee's designated beneficiary.

13 (b) A distribution for a specified period of 10 years or more.

14 (c) A distribution to the extent that the distribution is  
15 required under section 401(a)(9) of the internal revenue code, 26  
16 USC 401.

17 (d) The portion of any distribution that is not includable in  
18 federal gross income, except to the extent such portion of the  
19 distribution is paid to either of the following:

20 (i) An individual retirement account or annuity described in  
21 section 408(a) or 408(b) of the internal revenue code, 26 USC 408.

22 (ii) A qualified plan described in section 401(a) of the  
23 internal revenue code, 26 USC 401, or an annuity contract described  
24 in section 403(b) of the internal revenue code, 26 USC 403, and the  
25 plan providers agree to separately account for the amounts paid,  
26 including any portion of the distribution that is includable in  
27 federal gross income, and the portion of the distribution which is

1 not so includable.

2 (3) "Executive secretary" means the executive secretary of the  
3 retirement system as provided in section 205.

4 (4) Except as otherwise provided in this subsection, "final  
5 compensation" means the annual rate of compensation for the  
6 calendar year of retirement. For a member who retires on January 1,  
7 final compensation means the annual rate of compensation for the  
8 calendar year immediately preceding the date of retirement. Final  
9 compensation does not include an amount that exceeds the maximum  
10 salary set forth for that particular member or vested former member  
11 in the revised judicature act, if applicable. For a member who is a  
12 judge and who performs judicial duties for a limited period or a  
13 specific assignment as authorized by the supreme court pursuant to  
14 section 23 of article VI of the state constitution of 1963, final  
15 compensation means the annual rate of compensation the member was  
16 being paid at the termination of his or her tenure in office as an  
17 elected judge.

18 (5) "Former elected official" means a member who held a state  
19 elective office before membership in this retirement system, the  
20 former judges retirement system, or the former probate judges  
21 retirement system.

22 (6) "Former judges retirement system" means the state of  
23 Michigan judges' retirement system created by former 1951 PA 198.

24 (7) "Former probate judges retirement system" means the state  
25 of Michigan probate judges retirement system created by former 1954  
26 PA 165.

27 (8) **"FUNDING ACCOUNT" MEANS THAT TERM AS DEFINED IN SECTION 2**

1 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA  
2 77, MCL 38.2732.

3 (9) "HEALTH REIMBURSEMENT ACCOUNT" MEANS THAT TERM AS DEFINED  
4 IN SECTION 2 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING  
5 ACT, 2010 PA 77, MCL 38.2732.

6 (10) "HEALTH REIMBURSEMENT ACCOUNT DEPENDENT" MEANS THAT TERM  
7 AS DEFINED IN SECTION 2 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH  
8 CARE FUNDING ACT, 2010 PA 77, MCL 38.2732.

9 (11) "HRA EFFECTIVE DATE" MEANS THE DATE SPECIFIED BY THE  
10 RETIREMENT BOARD THAT IS NOT LATER THAN 1 YEAR FOLLOWING THE  
11 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION AND  
12 NOT SOONER THAN THE DATE THAT THE DEPARTMENT CERTIFIES THAT THE  
13 ADMINISTRATIVE AND OPERATIONAL COMPONENTS FOR THE HEALTH  
14 REIMBURSEMENT ACCOUNTS HAVE BEEN COMPLETED.

15 (12) "HRA MEMBER" MEANS A PARTICIPATING MEMBER AS THAT TERM IS  
16 DEFINED IN SECTION 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE  
17 FUNDING ACT, 2010 PA 77, MCL 38.2732A. AN HRA MEMBER DOES NOT  
18 INCLUDE ANY PLAN 1 MEMBER OR ANY PLAN 2 MEMBER UNDER THIS ACT.

19 Sec. 106. (1) "Interest" means the rate or rates of interest  
20 per annum, compounded annually, as determined by the retirement  
21 board.

22 (2) "Internal revenue code" means the United States internal  
23 revenue code of 1986.

24 (3) "Judge" means a ~~duly~~ **AN** elected or appointed justice of  
25 the supreme court, judge of the court of appeals, judge of the  
26 circuit court, judge of the district court, judge of the probate  
27 court, or judge of the recorder's court of the city of Detroit.

1           (4) "MANDATORY CONTRIBUTIONS" MEANS THAT TERM AS DEFINED IN  
2 SECTION 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING  
3 ACT, 2010 PA 77, MCL 38.2732A.

4           (5) ~~(4)~~—"Medical adviser" means the medical adviser of the  
5 retirement system as provided in section 205.

6           (6) "MEDICAL EXPENSE" MEANS THAT TERM AS DEFINED IN SECTION  
7 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010  
8 PA 77, MCL 38.2732A.

9           (7) ~~(5)~~—"Member" means a judge or state official who is  
10 included in the membership of the retirement system as provided in  
11 section 401.

12           (8) ~~(6)~~—"Membership service" means service performed as a  
13 member under this act or under the former judges retirement system  
14 or former probate judges retirement system.

15           Sec. 111. (1) "Vested former member" means a member who is  
16 entitled to a deferred vested service retirement allowance under  
17 section 502.

18           (2) "VOLUNTARY CONTRIBUTIONS" MEANS THAT TERM AS DEFINED IN  
19 SECTION 2B OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING  
20 ACT, 2010 PA 77, MCL 38.2732B.

21           Sec. 214. (1) The reserve for health benefits is created. The  
22 UNTIL THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED  
23 SUBSECTION (2), THE retirement system shall deposit into the  
24 reserve for health benefits the member contributions for health  
25 benefits required by section 305(1)(a), amounts transferred  
26 pursuant to section 217(1), and accumulated earnings on these  
27 amounts and contributions. The retirement system shall disburse

1 from the reserve for health benefits the premiums for hospital and  
2 medical-surgical and sick care benefits as required by sections 509  
3 and 719 **BEFORE MAKING ANY DISBURSEMENT FROM THE FUNDING ACCOUNT.**

4 (2) **ON AND AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**  
5 **ADDED THIS SUBSECTION, THE RETIREMENT SYSTEM SHALL DEPOSIT INTO THE**  
6 **FUNDING ACCOUNT THE MEMBER CONTRIBUTIONS FOR HEALTH BENEFITS**  
7 **REQUIRED BY SECTION 305(1)(A), AMOUNTS TRANSFERRED PURSUANT TO**  
8 **SECTION 217(1), AND QUALIFIED PARTICIPANT CONTRIBUTIONS REQUIRED BY**  
9 **SECTION 714(6).**

10 Sec. 214a. (1) Following the date of the determination  
11 described in subsection (11) and following the date of the election  
12 made under subsection (4), the retirement system shall provide  
13 postretirement medical benefits for eligible judges and their  
14 health benefit dependents and postdeath medical benefits for health  
15 benefit dependents who survive a deceased contributor. Medical  
16 benefits shall be provided from a separate account established  
17 under the retirement system pursuant to section 401(h) of the  
18 ~~United States~~ internal revenue code, **26 USC 401.**

19 (2) A separate account, designated as the "medical benefit  
20 account", shall be maintained within the reserve for health  
21 benefits. The assets of the retirement system in excess of the  
22 amounts then credited to the medical benefit account shall not be  
23 used for providing medical benefits under this section. Except as  
24 otherwise provided in this section, the assets of the retirement  
25 system attributable to amounts then credited to the medical benefit  
26 account shall not be used or diverted for any purpose other than  
27 providing medical benefits.

1           (3) A separate account, designated as the "medical benefit  
2 administrative account", shall be maintained within the reserve for  
3 health benefits. Administrative costs of maintaining the medical  
4 benefit account shall be paid out of the medical benefit  
5 administrative account. Eligible judges making contributions to the  
6 medical benefit account consent as a condition of participation  
7 that transfers may be made from the subaccounts of each contributor  
8 to the medical benefit administrative account equal to no more than  
9 25% of the earnings of funds on account in their respective  
10 subaccounts.

11           (4) Upon becoming a member of Tier 1 or a qualified  
12 participant in Tier 2, and at such other times as the department  
13 shall permit, an eligible judge may elect to become a contributor  
14 and make contributions to the medical benefit account in an amount  
15 not to exceed the maximum contribution then permitted under  
16 subsection (5). Each eligible judge who is a member of Tier 1 or a  
17 qualified participant in Tier 2 may elect to make contributions to  
18 the medical benefit account during an election period of not less  
19 than 90 days as determined by the retirement system. Within the  
20 medical benefit account, the department shall maintain a subaccount  
21 for each contributor that reflects all contributions made by or for  
22 that contributor, adjusted for investment experience and payment of  
23 medical benefits. The employer of the contributor shall pick up the  
24 contributor's contributions in whole or in part and may require  
25 that its contributions be derived from a reduction in the  
26 contributor's cash salary. If the contributor's contributions are  
27 picked up by the employer on a salary-reduction basis, the



1 contributor's election shall be irrevocable to the extent required  
2 by section 401(h) of the ~~United States~~ internal revenue code, **26**  
3 **USC 401**. Contributions picked up under this subsection on a salary-  
4 reduction basis are not included as gross taxable income of the  
5 contributor. The value of medical benefits provided from a  
6 contributor's subaccount shall not be included in the income of the  
7 retired contributor or the contributor's health benefit dependents.

8 (5) The benefits to be provided from the medical benefit  
9 account, together with life insurance, if any, provided under the  
10 retirement system, are intended to be subordinate to retirement  
11 benefits under the retirement system. Accordingly, contributions in  
12 calendar years after 1999 credited to a contributor's subaccount,  
13 together with contributions, if any, that may be made to provide  
14 life insurance for the contributor under the retirement system,  
15 shall not exceed an aggregate amount equal to 1/3 of the  
16 contributions, including employee contributions, made for those  
17 years to provide a retirement allowance for the contributor under  
18 Tier 1 or Tier 2 of the retirement system. For purposes of applying  
19 a limitation established by this subsection, the retirement system  
20 may rely on an actuarial certification prepared by the actuary,  
21 demonstrating compliance, and reasonable actuarial assumptions  
22 selected by the actuary shall apply for purposes of determining the  
23 aggregate contributions for retirement allowances to be determined  
24 under this subsection. The retirement system shall determine the  
25 method, timing, and limits applicable to all contributors. In no  
26 case shall a determination made by the retirement system exceed the  
27 maximum provided by this subsection.

(6) All payments or reimbursements of medical benefits shall be charged against the balance of the retired contributor's subaccount. Payments or reimbursements shall not be made after the subaccount has been exhausted. **PAYMENT OR REIMBURSEMENT OF PREMIUMS, CHARGES, AND EXPENSES UNDER THIS SUBSECTION SHALL BE MADE ONLY UPON PRESENTATION OF PROPER DOCUMENTARY EVIDENCE OF AMOUNTS, DATES OF COVERAGE OR SERVICE, RECIPIENT OF COVERAGE OR SERVICE, AND SUCH OTHER INFORMATION AS THE DEPARTMENT REQUIRES.** Medical benefits to be provided from the medical benefit account shall consist of any of the following as applicable:

(a) Payment of premiums for the retired contributor and the contributor's health benefit dependents under the state health plan, the state dental plan, and the state vision plan if the contributor and dependents are enrolled in any of those plans.

(b) Payment or reimbursement of premiums or other charges for coverage of the retired contributor and the contributor's health benefit dependents under any group health plan within the meaning of section 5000(b)(1) of the ~~United States~~ internal revenue code, **26 USC 5000.**

(c) Payment or reimbursement of premiums or other charges to obtain health insurance coverage within the meaning of section 9832(b)(1) of the ~~United States~~ internal revenue code, **26 USC 9832,** for the retired contributor and the contributor's health benefit dependents.

(d) Payment or reimbursement of expenses paid or incurred for the medical care, as defined in section 213(d)(1) of the ~~United States~~ internal revenue code, **26 USC 213,** of the retired

1 contributor and the contributor's health benefit dependents.

2 ~~Payment or reimbursement of premiums, charges, and expenses~~  
3 ~~shall be made only upon presentation of proper documentary evidence~~  
4 ~~of amounts, dates of coverage or service, recipient of coverage or~~  
5 ~~service, and such other information as the department shall~~  
6 ~~require.~~

7 (7) While a contributor or retired contributor remains alive,  
8 the department shall comply with the contributor's written  
9 directions in regard to the type of medical benefits to be provided  
10 under this subsection and the allocation of the medical benefits  
11 among the retired contributor and the contributor's health benefit  
12 dependents if the directions comply with this subsection and the  
13 requirements of the department in regard to the form and content of  
14 the written directions. The department shall also afford each  
15 contributor the opportunity to give written directions in regard to  
16 the allocation of medical benefits to and among some or all of the  
17 contributor's surviving health benefit dependents following the  
18 contributor's death as designated on a beneficiary form developed  
19 by the retirement system. Upon death of the contributor and while  
20 funds remain in the contributor's subaccount, the department shall  
21 observe the written directions in allocating medical benefits among  
22 the contributor's surviving health benefit dependents, while giving  
23 the dependents or their legal representatives a reasonable  
24 opportunity to select the type of medical benefits to be provided.  
25 In the absence of valid written directions from the contributor in  
26 regard to the allocation of medical benefits following the  
27 contributor's death, the department shall allocate funds remaining

1 in the contributor's subaccount to provide medical benefits to the  
2 contributor's surviving health benefit dependents, until all funds  
3 have been expended.

4 (8) If there is a balance remaining in the subaccount of a  
5 contributor or retired contributor following the deaths of the  
6 contributor and all of the contributor's health benefit dependents,  
7 then that balance shall be forfeited and distributed to the medical  
8 benefit administrative account.

9 (9) As used in this section:

10 (a) "Contributor" means an eligible judge who has elected to  
11 make contributions to the medical benefit account created under  
12 this section.

13 (b) "Eligible judge" means a judge of the circuit court, the  
14 district court, or the probate court.

15 (c) "Former member" means an individual who was a member and  
16 who terminates employment upon which his or her membership is based  
17 for any reason.

18 (d) "Retired contributor" means a contributor who becomes a  
19 former qualified participant and attains the benefit commencement  
20 age **AS DESCRIBED IN SECTION 702**, or who becomes a former member who  
21 either attains age 60 or meets the membership requirements for a  
22 retirement allowance under section 501(1).

23 (10) Contributions shall not be picked up by this state  
24 pursuant to this section until the department receives notification  
25 from the United States internal revenue service that such  
26 contributions will not be included as gross income of the  
27 contributor.

1           (11) This section does not apply until the department receives  
2 notification from the United States internal revenue service that  
3 the establishment of the medical benefit account under this section  
4 does not cause the retirement system to be disqualified for tax  
5 purposes.

6           (12) A JUDGE WHO IS ELIGIBLE TO ELECT TO MAKE CONTRIBUTIONS TO  
7 A MEDICAL BENEFIT ACCOUNT CREATED UNDER THIS SECTION MAY INSTEAD  
8 ELECT TO MAKE CONTRIBUTIONS TO A HEALTH REIMBURSEMENT ACCOUNT.

9           SEC. 214B. (1) ALL EMPLOYER CONTRIBUTIONS, MANDATORY  
10 CONTRIBUTIONS, AND VOLUNTARY CONTRIBUTIONS SHALL BE CONTRIBUTED OR  
11 CREDITED TO AN HRA MEMBER'S HEALTH REIMBURSEMENT ACCOUNT AS  
12 PROVIDED IN THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT,  
13 2010 PA 77, MCL 38.2731 TO 38.2747.

14           (2) THE RETIREMENT BOARD IS AUTHORIZED TO ESTABLISH AN  
15 ADMINISTRATIVE AND INVESTMENT FEE STRUCTURE TO BE CHARGED AGAINST  
16 THE HEALTH REIMBURSEMENT ACCOUNTS TO DEFRAY THE COSTS OF  
17 ADMINISTERING THE HEALTH REIMBURSEMENT ACCOUNTS.

18           Sec. 217. (1) A court fee fund is created in the state  
19 treasury. The state treasurer shall deposit into the court fee fund  
20 all money received from the executive secretary pursuant to section  
21 304(4). The state treasurer shall, if funds remain in the court fee  
22 fund after the transfer described in subsection (3), transmit a  
23 portion of the money in the court fee fund, not exceeding  
24 \$2,200,000.00 in any fiscal year, to the court equity fund created  
25 by section 151b of the revised judicature act, ~~of 1961, 1961 PA~~  
26 ~~236,~~ MCL 600.151b. If the court fee fund exceeds \$2,200,000.00 in  
27 any fiscal year and \$2,200,000.00 is transmitted to the court

1 equity fund, an amount may be appropriated from the court fee fund  
2 for operational expenses of trial courts. Operational expenses may  
3 include the payment of salaries of trial court judges other than  
4 judges of the district court. Any money remaining in the court fee  
5 fund at the end of the fiscal year shall remain in the court fee  
6 fund and shall not revert to the general fund.

7 (2) Notwithstanding any other provision of this act, if the  
8 retirement board establishes an arrangement and fund described in  
9 section 6 of the public employee retirement benefit ~~preservation~~  
10 **PROTECTION** act, 2002 PA 100, MCL 38.1686, the benefits that are  
11 required to be paid from that fund shall, to the extent permitted  
12 by applicable law, be paid from a portion of the money in the court  
13 fee fund and any earnings on those amounts or other eligible funds.  
14 The retirement board shall determine the amount of the employer  
15 contributions or other eligible funds that shall be allocated to  
16 that fund and deposit that amount in that fund.

17 (3) The state treasurer shall, if funds remain in the court  
18 fee fund after the transfer described in subsection (2), transmit a  
19 portion of the money in the court fee fund and any earnings on  
20 those amounts to the ~~reserve for health benefits created by section~~  
21 ~~214-~~**FUNDING ACCOUNT** to pay expected health care costs for the  
22 subsequent fiscal year that are not covered as a result of employee  
23 contributions under sections 305(1) and 714(6), and to pay, in an  
24 amount not to exceed \$100,000.00 in each fiscal year, any health  
25 care costs not paid from the reserve for health benefits since  
26 fiscal year 1996-1997.

27 (4) This section applies unless the department receives

1 notification from the United States internal revenue service that  
2 this section will cause the retirement system to be disqualified  
3 for tax purposes under the internal revenue code.

4 Sec. 305. (1) Each member, upon taking office and so long as  
5 he or she remains in office, shall make contributions to the  
6 retirement system according to the applicable plan member  
7 classification as follows:

8 (a) A plan 1 member or a plan 2 member shall contribute 5% of  
9 the member's compensation. From this contribution, the retirement  
10 system shall deposit an amount equal to 2.0% of the member's  
11 compensation into the ~~reserve for health benefits for hospital and~~  
12 ~~medical surgical and sick care benefits as provided in section 509~~  
13 **FUNDING ACCOUNT.**

14 (b) A plan 3a member, a plan 3b member, or a plan 5 member  
15 shall contribute 3.5% of the member's compensation.

16 (c) A plan 3c member, a plan 4 member, a plan 6 member, or a  
17 plan 7 member shall contribute 7% of the member's compensation.  
18 However, a plan 6 member shall not contribute more than \$980.00  
19 annually.

20 (2) The retirement board shall determine the manner in which  
21 member contributions are paid. Except as otherwise provided in this  
22 section, the retirement system shall credit member contributions  
23 when received to the reserve for member contributions.

24 (3) Upon written notice from the executive secretary to the  
25 state court administrator, the state treasurer shall withhold  
26 payment of the amount due from the salary standardization payment  
27 payable to a county or district control unit for member

1 contributions that are not received by the retirement system within  
2 60 days after the due date.

3 SEC. 309. (1) IF AN HRA MEMBER HAS AN AMOUNT OF SALARY REDUCED  
4 FOR CONTRIBUTION TO A HEALTH REIMBURSEMENT ACCOUNT, THE DEDUCTION  
5 TOGETHER WITH ANY OTHER CONTRIBUTIONS UNDER THIS SECTION SHALL  
6 PROMPTLY BE CREDITED TO THAT HRA MEMBER'S HEALTH REIMBURSEMENT  
7 ACCOUNT.

8 (2) BEGINNING ON THE HRA EFFECTIVE DATE, A MEMBER OR QUALIFIED  
9 PARTICIPANT SHALL MAKE A MANDATORY CONTRIBUTION EQUAL TO 2% OF THE  
10 MEMBER'S OR QUALIFIED PARTICIPANT'S COMPENSATION TO HIS OR HER  
11 HEALTH REIMBURSEMENT ACCOUNT. THIS SUBSECTION DOES NOT APPLY TO A  
12 MEMBER OR QUALIFIED PARTICIPANT WHO FIRST BECOMES A MEMBER OR  
13 QUALIFIED PARTICIPANT BEFORE THE EFFECTIVE DATE OF THIS SECTION AND  
14 WHO IS COVERED BY A LOCAL HEALTH BENEFIT PLAN FOR RETIREES.

15 (3) AN HRA MEMBER MAY ALSO MAKE VOLUNTARY CONTRIBUTIONS TO THE  
16 HEALTH REIMBURSEMENT ACCOUNT IN THE MANNER PRESCRIBED IN SECTION 10  
17 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA  
18 77, MCL 38.2740.

19 (4) THE EMPLOYER OF AN HRA MEMBER MAY CONTRIBUTE AN ADDITIONAL  
20 AMOUNT TO THE HRA MEMBER'S HEALTH REIMBURSEMENT ACCOUNT AS  
21 DETERMINED BY THE EMPLOYER.

22 (5) THIS SECTION DOES NOT APPLY TO PLAN 1 MEMBERS OR PLAN 2  
23 MEMBERS.

24 SEC. 310. EXCEPT FOR MEDICAL EXPENSE TO BE REIMBURSED FROM  
25 AMOUNTS WITHIN A HEALTH REIMBURSEMENT ACCOUNT, THE AMENDATORY ACT  
26 THAT ADDED THIS SECTION DOES NOT DEFINE OR OTHERWISE GRANT ANY  
27 RIGHT OR PRIVILEGE TO HEALTH CARE BENEFITS OR OTHER POSTEMPLOYMENT



1 BENEFITS TO ANY PERSON OTHER THAN THOSE HEALTH CARE BENEFITS OR  
2 OTHER POSTEMPLOYMENT BENEFITS, RIGHTS, OR PRIVILEGES PREVIOUSLY OR  
3 ALREADY GRANTED TO MEMBERS AND QUALIFIED PARTICIPANTS AND THEIR  
4 DEPENDENTS BY THIS ACT. THE AMENDATORY ACT THAT ADDED THIS SECTION  
5 DOES NOT ASSURE OR DENY TO ANY EXISTING OR FUTURE EMPLOYEE, HRA  
6 MEMBER, ANY OF THEIR HEALTH REIMBURSEMENT ACCOUNT DEPENDENTS, OR  
7 ANY OTHER PERSON ANY RIGHT OF ENTITLEMENT TO ANY HEALTH CARE  
8 BENEFIT OR OTHER POSTEMPLOYMENT BENEFIT OR LIMIT OR OTHERWISE  
9 RESTRICT THE ABILITY OF THIS STATE OR ANY EMPLOYER TO MODIFY OR  
10 ELIMINATE ANY EXISTING OR FUTURE HEALTH CARE BENEFIT OR OTHER  
11 POSTEMPLOYMENT BENEFIT.

12       Sec. 714. (1) This section is subject to the vesting  
13 requirements of section 715.

14       (2) A qualified participant's employer shall contribute to the  
15 qualified participant's account in Tier 2 an amount equal to 4% of  
16 the qualified participant's salary.

17       (3) A qualified participant may periodically elect to  
18 contribute up to 3% of his or her salary to his or her Tier 2  
19 account. The qualified participant's employer shall make an  
20 additional contribution to the qualified participant's Tier 2  
21 account in an amount equal to the contribution made by the  
22 qualified participant under this subsection.

23       (4) A qualified participant may make contributions in addition  
24 to contributions made under subsection (3) to his or her Tier 2  
25 account as permitted by the state treasurer and the internal  
26 revenue code. The qualified participant's employer shall not match  
27 contributions made by the qualified participant under this

1 subsection.

2 (5) A qualified participant who makes a written election under  
3 section 701a may elect to contribute up to 6% of his or her salary  
4 to his or her Tier 2 account. In lieu of employer contributions  
5 under subsection (3), the qualified participant's employer shall  
6 make an additional contribution to the qualified participant's Tier  
7 2 account in an amount equal to the contribution made by the  
8 qualified participant under this subsection. This subsection  
9 applies for a period as determined by the department that equals  
10 the time in which a Tier 1 member was not able to make  
11 contributions to the Tier 2 plan because of the temporary  
12 restraining order issued in the case of Michigan judges assn v  
13 Treasurer of the State of Michigan, case no. 98-DT-72771-CV (Ed  
14 Mi).

15 (6) Beginning January 1, 2002 **AND ENDING ON THE DAY BEFORE THE**  
16 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309**, each  
17 qualified participant who is a plan 1 member or a plan 2 member,  
18 upon taking office and so long as he or she remains in office,  
19 shall contribute 2.0% of the qualified participant's compensation  
20 to the retirement system. ~~The~~ **UNTIL THE DAY BEFORE THE EFFECTIVE**  
21 **DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309**, ~~THE~~ retirement  
22 system shall deposit the contribution under this subsection into  
23 the reserve for health benefits for hospital and medical-surgical  
24 and sick care benefits as provided in section 719. **BEGINNING ON THE**  
25 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309**, **EACH**  
26 **QUALIFIED PARTICIPANT WHO IS A PLAN 1 MEMBER OR PLAN 2 MEMBER, UPON**  
27 **TAKING OFFICE AND SO LONG AS HE OR SHE REMAINS IN OFFICE, SHALL**

1   CONTRIBUTE 2.0% OF THE QUALIFIED PARTICIPANT'S COMPENSATION TO THE  
2   FUNDING ACCOUNT.