

SENATE BILL No. 722

December 12, 2013, Introduced by Senator MEEKHOF and referred to the Committee on Appropriations.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 131a (MCL 38.1431a), as added by 2012 PA 300.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 131a. Tier 2 accounts are subject to the following terms
2 and conditions:

3 (a) On or before January 1, 2013, the retirement system shall
4 design an automatic enrollment feature that provides that unless a
5 qualified participant who makes contributions under this act elects
6 to contribute a lesser amount, the qualified participant shall
7 contribute the amount required to qualify for all eligible matching
8 contributions under this act. The retirement system shall implement
9 this automatic enrollment feature on or after January 1, 2013, as
10 determined by the retirement system.

1 (b) Employer matching contributions do not have to be made to
2 the same plan or account to which the elective employee
3 contributions were contributed as the basis for the matching
4 contributions.

5 (c) Elective employee contributions shall not be used as the
6 basis for more than an equivalent amount of employer matching
7 contributions or, in the case of matching contributions under
8 section 131(2) and (6), 50% of the employer matching contributions.

9 (d) The retirement system shall design and implement a method
10 to determine the proper allocation of employer matching
11 contributions based on elective employee contributions as provided
12 in this section.

13 (E) NOTWITHSTANDING ANY PROVISION OF THIS ACT TO THE CONTRARY,
14 A REPORTING UNIT MAY DESIGNATE ITS OWN TIER 2 CONTRACTS OR ACCOUNT
15 PLANS BY AN ALTERNATE PROVIDER TO OFFER TO ITS EMPLOYEES WHO ARE
16 QUALIFIED PARTICIPANTS OF TIER 2. A REPORTING UNIT SHALL
17 SUBSTANTIALLY COMPLY WITH THIS ACT IN DESIGNATING TIER 2 CONTRACTS
18 OR ACCOUNT PLANS UNDER THIS SUBDIVISION AND SHALL COMPLY WITH
19 APPLICABLE STATE RULES AND FEDERAL REGULATIONS WITH REGARD TO
20 RETIREMENT PLANS. A REPORTING UNIT SHALL NOT OFFER A DEFINED
21 BENEFIT OPTION, IN WHOLE OR IN PART, UNDER THIS SUBDIVISION. A
22 REPORTING UNIT SHALL OFFER THE SAME BENEFITS AND VESTING PROVISIONS
23 AS DESCRIBED IN SECTION 133 IN DESIGNATING TIER 2 CONTRACTS OR
24 ACCOUNT PLANS UNDER THIS SUBDIVISION. THE DEPARTMENT SHALL NOT
25 COLLECT EMPLOYER OR EMPLOYEE CONTRIBUTIONS RELATED TO TIER 2 FROM A
26 REPORTING UNIT THAT DESIGNATES A TIER 2 CONTRACT OR ACCOUNT PLAN
27 UNDER THIS SUBDIVISION UNLESS AUTHORIZED TO DO SO BY THE REPORTING

1 UNIT. IF A REPORTING UNIT DESIGNATES AN ALTERNATE PROVIDER UNDER
2 THIS SUBDIVISION, THIS STATE AND THE REPORTING UNIT DO NOT HAVE A
3 DUTY TO MONITOR THE ALTERNATE PROVIDER'S PERFORMANCE. THIS STATE
4 AND THE REPORTING UNIT ARE NOT LIABLE TO EMPLOYEES FOR DAMAGES
5 RELATING TO THE PERFORMANCE OF THE ALTERNATE PROVIDER.

6 (F) ON OR BEFORE JULY 1, 2014, THE DEPARTMENT SHALL IMPLEMENT
7 A SYSTEM TO FACILITATE THE ADMINISTRATION OF TIER 2 CONTRACTS OR
8 ACCOUNT PLANS DESIGNATED BY A REPORTING UNIT UNDER SUBDIVISION (E).
9 ALL OF THE FOLLOWING APPLY TO THE ADMINISTRATION OF TIER 2
10 CONTRACTS OR ACCOUNT PLANS:

11 (i) THE DEPARTMENT MAY EMPLOY OR CONTRACT WITH PERSONNEL FOR
12 SERVICES THAT THE DEPARTMENT DETERMINES NECESSARY FOR THE PROPER
13 ADMINISTRATION OF TIER 2 CONTRACTS OR ACCOUNT PLANS.

14 (ii) THE DEPARTMENT SHALL SELECT A THIRD PARTY ADMINISTRATOR TO
15 ADMINISTER TIER 2 CONTRACTS OR ACCOUNT PLANS. THE THIRD PARTY
16 ADMINISTRATOR SHALL NOT BE AFFILIATED WITH AN ENTITY THAT PROVIDES
17 INVESTMENT SERVICES TO THE RETIREMENT SYSTEM OR ANY REPORTING UNIT.
18 THE THIRD PARTY ADMINISTRATOR SHALL PROVIDE SERVICES TO MAINTAIN
19 ACCOUNT VALUES, ISSUE STATEMENTS OF ACCOUNTS, AND FACILITATE
20 COMPLIANCE ADMINISTRATORS SELECTED BY REPORTING UNITS TO COMPLY
21 WITH THE INTERNAL REVENUE CODE.

22 (iii) ALL MATERIALS RELATING TO AN ANNUITY PLAN DESCRIBED IN
23 SECTION 403(A) OF THE INTERNAL REVENUE CODE, 26 USC 403, INCLUDING,
24 BUT NOT LIMITED TO, SUMMARIES OF THE PLAN AND PLAN MARKETING, THAT
25 ARE PROVIDED BY THE RETIREMENT SYSTEM TO A REPORTING UNIT, OR BY A
26 REPORTING UNIT TO ITS EMPLOYEES ELIGIBLE TO PARTICIPATE IN THE
27 PLAN, SHALL NOT FAVOR A SPECIFIC ANNUITY OR INVESTMENT PROVIDER OR

1 PRODUCT, INCLUDING, BUT NOT LIMITED TO, AN INVESTMENT PROVIDER OR
2 PRODUCT THAT THE RETIREMENT SYSTEM OFFERS TO QUALIFIED
3 PARTICIPANTS.

4 Enacting section 1. This amendatory act does not take effect
5 unless Senate Bill No. 727

6 of the 97th Legislature is enacted into law.