

THE JUDGES RETIREMENT ACT OF 1992 (EXCERPT)
Act 234 of 1992

38.2306 Member contributions picked up by state; tax treatment; contributions picked up by employer of judge in Detroit recorder's court, thirty-sixth district court, or probate court or by resolution or act of governing body; contributions picked up by state pursuant to MCL 38.2402, MCL 38.2403, or MCL 38.2404.

Sec. 306. (1) This state shall pick up member contributions required by section 305 for all compensation paid after December 31, 1982, for members who receive a salary paid by this state. Contributions picked up are treated as employer contributions in determining tax treatment under the internal revenue code. Contributions picked up under this subsection are not included as gross taxable income of the member until disbursement from the retirement system. This state shall pay picked up member contributions from the same source of funds that is used for paying compensation to the member. This state shall pick up member contributions by either a reduction in the member's cash salary, an offset against a future salary increase, or a combination of a reduction in cash salary and an offset against a future salary increase. Member contributions picked up are treated for all purposes in the same manner and to the same extent as member contributions made on or before December 31, 1982.

(2) The employer of a member who is a judge of the recorder's court of the city of Detroit, of the district court in the thirty-sixth district, or of the probate court, by resolution or other enabling act of the governing body, may pick up the contributions required by section 305 for all compensation paid after December 31, 1982, and reported to the retirement system. If the employer does not pick up the contributions, the employer shall continue to deduct the amount that could have been picked up under this subsection from the member's compensation. Contributions picked up are treated as employer contributions in determining tax treatment under the internal revenue code. Contributions picked up under this subsection are not included as gross taxable income of the member until disbursement from the retirement system. The employer shall pay member contributions picked up by the employer from the same source of funds that is used for paying compensation to the member. The employer may pick up these contributions by either a reduction in the member's cash salary, an offset against a future salary increase, or a combination of a reduction in cash salary and an offset against a future salary increase. Member contributions picked up are treated for all purposes in the same manner and to the same extent as member contributions made before the date picked up.

(3) This state shall pick up member contributions required as a result of a member's repaying the member's previously withdrawn accumulated contributions, plus interest, pursuant to section 402(3)(b), or a member's election to purchase service credits pursuant to section 403 or 404. Subsection (1) applies with respect to these contributions. The department shall determine the manner in which such contributions are paid. This subsection does not apply until the department receives notification from the united States internal revenue service that contributions picked up by this state pursuant to this subsection shall not be included as gross income of the member until they are distributed or made available to the member, retirant, retirement allowance beneficiary, or refund beneficiary.

History: 1992, Act 234, Eff. Mar. 31, 1993;—Am. 1999, Act 215, Eff. May 30, 2000.