

# HOUSE BILL No. 5316

November 6, 1991, Introduced by Reps. Bandstra, Keith, Goss, Fitzgerald, Dalman, Middleton, DeLange, Shugars, London and Pitoniak and referred to the Committee on Education.

A bill to amend section 1224 of Act No. 451 of the Public Acts of 1976, entitled as amended

"The school code of 1976,"

being section 380.1224 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 1224 of Act No. 451 of the Public Acts  
2 of 1976, being section 380.1224 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 1224. (1) At the request of an employee and as part  
5 of the employee's compensation arrangement, the board of a school  
6 district may purchase ~~an annuity contract~~ A TAX-DEFERRED  
7 INVESTMENT for an employee for retirement or other purposes and  
8 may make payroll allocations in accordance with the arrangement  
9 ~~for the purpose of paying the entire premium to become due under~~  
10 ~~the annuity contract~~ TO PAY FOR THE TAX-DEFERRED INVESTMENT.

1 The allocation shall be made in a manner which will qualify ~~the~~  
2 ~~annuity premiums, or a portion thereof,~~ ALL OF PART OF THE  
3 TAX-DEFERRED INVESTMENT for the benefit afforded under the fed-  
4 eral internal revenue code or ~~an equivalent provision of~~ OTHER  
5 federal income tax law. The employee shall own the ~~annuity~~  
6 ~~contract~~ TAX-DEFERRED INVESTMENT. The employee's rights under  
7 it shall be nonforfeitable except for failure to ~~pay premiums~~  
8 MAKE REQUIRED PAYMENTS.

9 (2) The board shall not have liability because of its pur-  
10 chase of ~~annuity contracts~~ TAX-DEFERRED INVESTMENTS FOR  
11 EMPLOYEES.

12 (3) This section shall be applied in a nondiscriminatory  
13 manner to employees of the school district.

14 (4) AS USED IN THIS SECTION, "TAX-DEFERRED INVESTMENT" MEANS  
15 AN ANNUITY CONTRACT, INTEREST IN A MUTUAL FUND, OR OTHER INVEST-  
16 MENT DEVICE THAT QUALIFIES FOR DEFERRAL OF FEDERAL INCOME TAXES  
17 UNDER THE FEDERAL INTERNAL REVENUE CODE OR OTHER FEDERAL INCOME  
18 TAX LAW.