



# HOUSE BILL No. 4049

January 11, 1995, Introduced by Reps. Rhead, Horton, Gilmer, Dalman, Hammerstrom, Jaye, DeLange, Bullard, Perricone and Green and referred to the Committee on Appropriations.

A bill to amend sections 2a, 4, 6, 8, 10, 10a, 12, 24, 26, 28, 39, 44, 44a, 46, 47, 50, and 51 of Act No. 427 of the Public Acts of 1984, entitled as amended

"Municipal employees retirement act of 1984,"

sections 2a, 8, 24, 28, 39, 46, and 47 as amended and section 44a as added by Act No. 500 of the Public Acts of 1988, section 4 as amended by Act No. 63 of the Public Acts of 1992, sections 6, 10, and 12 as amended by Act No. 51 of the Public Acts of 1989, section 10a as added by Act No. 99 of the Public Acts of 1990, and section 26 as amended by Act No. 291 of the Public Acts of 1986, being sections 38.1502a, 38.1504, 38.1506, 38.1508, 38.1510, 38.1510a, 38.1512, 38.1524, 38.1526, 38.1528, 38.1539, 38.1544, 38.1544a, 38.1546, 38.1547, 38.1550, and 38.1551 of the Michigan Compiled Laws; and to add sections 19a and 46a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2a, 4, 6, 8, 10, 10a, 12, 24, 26, 28,  
2 39, 44, 44a, 46, 47, 50, and 51 of Act No. 427 of the Public Acts  
3 of 1984, sections 2a, 8, 24, 28, 39, 46, and 47 as amended and  
4 section 44a as added by Act No. 500 of the Public Acts of 1988,  
5 section 4 as amended by Act No. 63 of the Public Acts of 1992,  
6 sections 6, 10, and 12 as amended by Act No. 51 of the Public  
7 Acts of 1989, section 10a as added by Act No. 99 of the Public  
8 Acts of 1990, and section 26 as amended by Act No. 291 of the  
9 Public Acts of 1986, being sections 38.1502a, 38.1504, 38.1506,  
10 38.1508, 38.1510, 38.1510a, 38.1512, 38.1524, 38.1526, 38.1528,  
11 38.1539, 38.1544, 38.1544a, 38.1546, 38.1547, 38.1550, and  
12 38.1551 of the Michigan Compiled Laws, are amended and  
13 sections 19a and 46a are added to read as follows:

14 Sec. 2a. (1) "ACCUMULATED BALANCE" MEANS THE TOTAL BALANCE  
15 IN A MEMBER'S, VESTED FORMER MEMBER'S, OR BENEFICIARY'S INDIVID-  
16 UAL ACCOUNT UNDER BENEFIT PROGRAM DC.

17 (2) ~~(1)~~ "Accumulated contributions" means the sum of all  
18 amounts credited to a member's individual account in the reserve  
19 for employee contributions.

20 (3) ~~(2)~~ "Beneficiary" means an individual who is being  
21 paid or who has entitlement to the future payment of a retirement  
22 allowance or a return of contributions on account of a reason  
23 other than the individual's membership in the retirement system.

24 (4) ~~(3)~~ "Chief judge" means the chief judge of a judicial  
25 circuit court, a judicial district court, or a judicial probate  
26 court as provided in the revised judicature act of 1961, Act

1 No. 236 of the Public Acts of 1961, being sections 600.101 to  
2 600.9947 of the Michigan Compiled Laws.

3 (5) ~~(4)~~ "Compensation" means the salary or wages paid  
4 member for personal services rendered the member's participating  
5 municipality or participating court while a member of the retire-  
6 ment system. Salary and wages shall include longevity pay; over-  
7 time pay; shift differentials; pay for periods of absence from  
8 work by reason of vacation, holiday, and sickness; deferred com-  
9 pensation amounts under deferred compensation programs recognized  
10 by the board, including premiums for annuities and permanent life  
11 insurance policies that are transferred to the ownership of the  
12 member upon retirement; and items of a similar nature that are  
13 recognized as compensation by the board. Compensation does not  
14 include any remuneration or reimbursement not specifically  
15 described in this subsection or recognized by the board, such as  
16 allowances for clothing, equipment, cleaning, and travel; reim-  
17 bursement of expenses; bonuses; termination pay; severance pay;  
18 payments in consideration of unused sick leave; the value of  
19 fringe benefits; and items of remuneration that are the basis of  
20 a potential or actual benefit from another retirement program.  
21 IF THE PARTICIPATING MUNICIPALITY OR PARTICIPATING COURT HAS  
22 ADOPTED BENEFIT PROGRAM DC, COMPENSATION EQUALS THE MEDICARE TAX-  
23 ABLE WAGES AS REPORTED BY THE EMPLOYER ON THE MEMBER'S FEDERAL  
24 FORM W-2, WAGE AND TAX STATEMENT.

25 (6) ~~(5)~~ "Final average compensation" means any of the  
26 following:

1 (a) One-fifth of the aggregate amount of compensation paid a  
2 member during the period of 5 consecutive years of the member's  
3 credited service in which the aggregate amount of compensation  
4 paid is highest, known as FAC-5. If the member has less than  
5 5 years of credited service, final average compensation means the  
6 aggregate amount of compensation paid the member divided by the  
7 member's credited service. A member who has credited service in  
8 force with more than 1 participating municipality or participat-  
9 ing court shall have a separate final average compensation com-  
10 puted based on the member's compensation record with each partic-  
11 ipating municipality and participating court.

12 (b) If the participating municipality or participating court  
13 has adopted benefit program FAC-3, 1/3 of the aggregate amount of  
14 compensation paid a member during the period of 3 consecutive  
15 years of the member's credited service in which the aggregate  
16 amount of compensation paid is highest. If the member has less  
17 than 3 years of credited service, final average compensation  
18 means the aggregate amount of compensation paid the member  
19 divided by the member's credited service. A member who has cred-  
20 ited service in force with more than 1 participating municipality  
21 or participating court shall have a separate final average com-  
22 pensation computed based on the member's compensation record with  
23 each participating municipality or participating court.

24 (c) For a member who is a judge of the district court, the  
25 recorder's court of the city of Detroit, or the circuit court,  
26 and has converted a portion or all of his or her state salary  
27 standardization payment as provided for in ~~sections 14a and 14c~~

1 SECTION 504 of the ~~judges~~ JUDGES retirement act OF 1992, Act  
2 No. ~~198~~ 234 of the Public Acts of ~~1951~~ 1992, being ~~sections~~  
3 ~~38.814a and 38.814c~~ SECTION 38.2504 of the Michigan Compiled  
4 Laws, as an addition to his or her state base salary under Act  
5 No. ~~198~~ 234 of the Public Acts of ~~1951~~ 1992, being sections  
6 ~~38.801 to 38.831~~ 38.2101 TO 38.2608 of the Michigan Compiled  
7 Laws, the difference between the figure that would otherwise be  
8 used under subdivision (a) OR (B) to compute the member's retire-  
9 ment benefits, and the amount of the state salary standardization  
10 payment converted.

11 (7) ~~(6)~~ "Governing body" means the representative legisla-  
12 tive body of a municipality, or the administrative board or com-  
13 mission of a public corporation or instrumentality that does not  
14 have a representative legislative body.

15 (8) ~~(7)~~ "Judicial circuit court" means a judicial circuit  
16 of the circuit court as provided in section 11 of article VI of  
17 the state constitution of 1963.

18 (9) ~~(8)~~ "Judicial district court" means a judicial dis-  
19 trict of the district court as provided in section 8101 of the  
20 revised judicature act of 1961, Act No. 236 of the Public Acts of  
21 1961, being section 600.8101 of the Michigan Compiled Laws.

22 (10) ~~(9)~~ "Judicial employee" means an individual who is  
23 paid compensation for personal service rendered for a participat-  
24 ing court. Judicial employee does not include anyone who is a  
25 municipal employee under section 2b(3) or anyone who is specifi-  
26 cally excluded as a municipal employee under section 2b(3).

1       (11) ~~(10)~~ "Judicial probate court" means a county probate  
2 court or probate court district as provided in section 15 of  
3 article VI of the state constitution of 1963.

4       Sec. 4. (1) Prior service and membership service to which a  
5 member is entitled shall be credited to the member's individual  
6 service account. Service shall be credited in years and twelfths  
7 of a year. Not more than 1 year of credited service shall be  
8 credited a member on account of all service rendered to a partic-  
9 ipating municipality or participating court in any period of  
10 12 consecutive months. Not more than 1/12 of a year of credited  
11 service shall be credited a member on account of all service  
12 rendered to a participating municipality or participating court  
13 in a calendar month. Credited service shall not be credited for  
14 any calendar month during which a member acquires less than  
15 10 days of work, as defined by the member's participating munici-  
16 pality or participating court pursuant to section 3(1). CREDITED  
17 SERVICE SHALL NOT BE CREDITED TO A MEMBER FOR ANY CALENDAR MONTH  
18 DURING WHICH THE MEMBER IS COVERED BY BENEFIT PROGRAM DC.

19       (2) All or a portion of an individual's credited service  
20 shall be forfeited under the following conditions:

21       (a) All credited service shall be forfeited if the individ-  
22 ual incurs a break in membership of more than 180 consecutive  
23 months and is not a vested former member pursuant to section 12.

24       (b) Credited service for which the individual has made  
25 member contributions shall be forfeited if the individual's accu-  
26 mulated contributions are paid to the individual, the

1 individual's designated beneficiary, or the individual's legal  
2 representative.

3 (3) Credited service forfeited for a reason other than a  
4 break in membership of more than 180 consecutive months shall be  
5 reinstated in the member's service account if ~~each~~ ALL of the  
6 following conditions ~~is~~ ARE satisfied:

7 (a) The forfeited credited service was acquired while the  
8 member was in the employ of the same participating municipality  
9 or participating court.

10 (b) The member pays to the retirement system all accumulated  
11 contributions previously paid to the member plus compound inter-  
12 est from the date of payment to the member to the date of repay-  
13 ment to the retirement system. Payment shall be made within 5  
14 years after the date the member reacquires membership in the  
15 retirement system on account of employment with the same partici-  
16 pating municipality or participating court. However, a partici-  
17 pating municipality may by resolution of its governing body or a  
18 participating court may by administrative order of its chief  
19 judge establish a written policy to extend beyond 5 years the  
20 period for payment required under this subdivision. The policy  
21 shall be uniformly applicable to all members ~~of the retirement~~  
22 ~~system~~ EMPLOYED BY THE PARTICIPATING MUNICIPALITY OR PARTICIPAT-  
23 ING COURT WHO ARE COVERED BY THE SAME BENEFIT PROGRAM COVERAGE  
24 CLASSIFICATION. BENEFIT COVERAGE CLASSIFICATIONS ARE THOSE  
25 ESTABLISHED BY THE RETIREMENT BOARD UNDER SECTION 41 OR 41A.

1 (4) The rates of compound interest applicable to repayment  
2 of accumulated contributions shall be as determined by the  
3 retirement board.

4 (5) Forfeited credited service acquired while a member was  
5 in the employ of another participating municipality or partici-  
6 pating court shall not be reinstated under this section but shall  
7 be creditable subject to the requirements of section 6.

8 Sec. 6. (1) The retirement board shall credit a member,  
9 OTHER THAN A MEMBER COVERED BY BENEFIT PROGRAM DC, for qualifying  
10 service in the employ of the United States government, a state,  
11 or a political subdivision of a state, if ~~each~~ ALL of the fol-  
12 lowing conditions ~~is~~ ARE satisfied:

13 (a) The governing body of the participating municipality  
14 that employs the member adopts a resolution, or the chief judge  
15 of the participating court that employs the member issues an  
16 administrative order, requesting the retirement board to credit  
17 the member with a specific period of qualifying service and files  
18 a certified copy of the resolution or administrative order with  
19 the retirement system within 10 days after adoption or issuance.

20 (b) The qualifying governmental service was not rendered  
21 prior to any break of 180 or more months in the member's employ-  
22 ment by the United States government, a state, or a political  
23 subdivision of a state.

24 (c) The member pays to the retirement system the amount the  
25 participating municipality or participating court may require of  
26 the member in consideration for the crediting of qualifying  
27 governmental service. The required payment shall not exceed the

1 larger of the following amounts multiplied by the period of  
2 qualifying governmental service to be credited the member:

3 (i) Five percent of the member's annual compensation at time  
4 of payment.

5 (ii) The member's annual compensation at time of payment  
6 multiplied by the percent specified under the member contribution  
7 program applicable to the member.

8 (2) For purposes of this section, service is qualifying if  
9 it is not and will not be recognized for the purpose of obtaining  
10 or increasing a benefit under another retirement system. A  
11 member may qualify service by making an irrevocable forfeiture of  
12 all rights in and to the actual or potential benefit from the  
13 other retirement system.

14 (3) Service in the armed forces of the United States is not  
15 qualifying service and shall not be credited to a member under  
16 this section.

17 (4) The payment under subsection (1)(c) shall be credited to  
18 the member's individual account in the reserve for employee  
19 contributions.

20 Sec. 8. A member who leaves or left the employ of a partic-  
21 ipating municipality or participating court to enter any armed  
22 service of the United States shall be entitled to credited serv-  
23 ice for periods of active duty subject to the following  
24 conditions:

25 (a) The member is reemployed by the same participating  
26 municipality or participating court within 6 months after the  
27 date of termination of the minimum period of active duty required

1 of the member, AND THE MEMBER IS NOT COVERED BY BENEFIT PROGRAM  
2 DC.

3 (b) The member pays the retirement system the total amount  
4 of accumulated contributions withdrawn at the time of, or subse-  
5 quent to, leaving employment by the participating municipality or  
6 participating court to enter armed service, plus regular interest  
7 as provided by the retirement board, from the date of withdrawal  
8 to the date of repayment.

9 (c) Not more than 6 years of credited service shall be  
10 granted a member under ~~the provisions of~~ this section.

11 (d) Credited service shall not be granted for periods of  
12 armed service that are or could be used for obtaining or increas-  
13 ing a benefit from another retirement system.

14 Sec. 10. (1) A member or a vested former member, OTHER THAN  
15 A MEMBER OR VESTED FORMER MEMBER COVERED BY BENEFIT PROGRAM DC,  
16 may retire upon satisfaction of ~~each~~ ALL of the following  
17 requirements:

18 (a) A written application for retirement, on a form estab-  
19 lished by the retirement system, has been filed with the retire-  
20 ment system. The retirement board may establish required time  
21 periods, preceding or surrounding the date of retirement, for the  
22 filing of an application for retirement.

23 (b) One of the following applies:

24 (i) The member or vested former member has attained age  
25 50 years or older and has 25 or more years of credited service.

26 (ii) The member or vested former member has attained age  
27 55 years or older and has 15 or more years of credited service.

1 (iii) The member or vested former member has attained age  
2 60 years or older and has 10 or more years of credited service.

3 (iv) The member or vested former member has attained age 60  
4 years or older and has 8 or more years of credited service if the  
5 member's participating municipality or participating court adopts  
6 the termination of membership vesting benefit program V-8 for the  
7 member.

8 (v) The member or vested former member has attained age 60  
9 years or older and has 6 or more years of credited service if the  
10 member's participating municipality or participating court adopts  
11 the termination of membership vesting benefit program V-6 for the  
12 member.

13 (c) The member terminates membership ~~prior to~~ BEFORE the  
14 date of retirement.

15 (2) Upon retirement, the member or vested former member  
16 shall be paid a retirement allowance computed ~~in accordance~~  
17 ~~with~~ UNDER the benefit programs that are applicable to the  
18 member's or vested former member's credited service and the pro-  
19 visions of subsection (3). The benefit programs applicable to a  
20 vested former member shall be determined as of the date of termi-  
21 nation of membership and shall not be affected by any subsequent  
22 change in benefit programs that is applicable to the classifica-  
23 tions held by the vested former member.

24 (3) If the date of retirement precedes the date the member  
25 or vested former member attains the full retirement allowance age  
26 as determined under subsection (4) or (5), the amount of  
27 retirement allowance shall be reduced. The amount of reduction

1 shall be  $1/2$  of 1% of the retirement allowance multiplied by the  
2 number of months, rounded to the next higher number of months and  
3 not less than zero, by which the date of retirement precedes the  
4 date the member or vested former member attains the full retire-  
5 ment allowance age. The reduction called for in this subsection  
6 shall not be applied to benefit component (i) under benefit pro-  
7 gram B, as provided in section 14.

8 (4) A participating municipality or participating court may  
9 adopt benefit program F50, or benefit program F55, or both, FOR  
10 MEMBERS WHO ARE NOT COVERED BY BENEFIT PROGRAM DC. Under benefit  
11 program F50, the full retirement allowance age shall be age 50  
12 years with a required period of credited service of either 25  
13 years or 30 years. Under benefit program F55, the full retire-  
14 ment allowance age shall be age 55 years with a required period  
15 of credited service of 15 years, 20 years, 25 years, or 30  
16 years.

17 (5) Full retirement allowance age shall be age 60 years,  
18 unless the participating municipality or participating court has  
19 adopted benefit program F50 or benefit program F55, or both, and  
20 the member or vested former member has the required period of  
21 credited service. The governing body of the participating munic-  
22 ipality or chief judge of the participating court shall specify,  
23 at the time benefit program F50 or benefit program F55, or both,  
24 are adopted, the required period of credited service that shall  
25 be applicable to the benefit program.

26 Sec. 10a. (1) Subject to sections 43 and 43a, a  
27 participating municipality may by resolution of its governing

1 body or a participating court may by administrative order of its  
 2 chief judge adopt for a temporary period any of the following  
 3 benefit programs or any legitimate combination of the following  
 4 benefit programs:

5 (a) Benefit program E-2 under section 22.

6 (b) Benefit program FAC-3 under section ~~2a(5)(b)~~

7 2A(6)(B).

8 (c) Benefit program F50 under section 10(4).

9 (d) Benefit program F55 under section 10(4).

10 (e) Benefit program B-1 under section 15.

11 (f) Benefit program B-2 under section 16.

12 (g) Benefit program B-3 under section 16a.

13 (h) Benefit program B-4 under section 16b.

14 (i) Benefit program C, new under section 17(1).

15 (j) Benefit program C-1, new under section 18(1).

16 (k) Benefit program C-2 under section 19.

17 (l) Benefit program RS50% under section 23a.

18 (2) The resolution or administrative order shall contain all

19 of the following that are applicable:

20 (a) The benefit program or combination of benefit programs

21 adopted under subsection (1).

22 (b) The beginning and ending dates of the temporary period

23 selected under subsection (1). The temporary period selected

24 shall be for not less than 60 days and not more than 180 days.

25 (c) The classification of members covered by the benefit

26 program or combination of benefit programs for the temporary

27 period under subsection (1).

1 (d) If benefit program F50 or F55 is adopted for a temporary  
2 period under subsection (1), the required period of credited  
3 service applicable to the benefit program.

4 (3) A member who is in the classification of members covered  
5 under the benefit program or combination of benefit programs for  
6 the temporary period under this section and who retires under  
7 section 10 during the temporary period shall receive a retirement  
8 allowance computed pursuant to the benefit program or combination  
9 of benefit programs adopted for the temporary period.

10 (4) A participating municipality or a participating court  
11 shall not adopt a temporary period under this section for the  
12 same classification of members on more than 2 occasions in any  
13 period of 5 consecutive calendar years. A PARTICIPATING MUNICI-  
14 PALITY OR A PARTICIPATING COURT SHALL NOT ADOPT A TEMPORARY  
15 PERIOD UNDER THIS SECTION FOR MEMBERS COVERED BY BENEFIT PROGRAM  
16 DC.

17 Sec. 12. (1) A member who ceases to be a member, for a  
18 reason other than retirement or death, is a vested former member  
19 if 1 of the following requirements is met:

20 (a) The member has 10 or more years of credited service at  
21 the time membership terminates.

22 (b) The member has 8 or more years of credited service and  
23 is covered under the termination of membership vesting benefit  
24 program V-8 at the time the membership terminates.

25 (c) The member has 6 or more years of credited service and  
26 is covered under the termination of membership vesting benefit  
27 program V-6 at the time the membership terminates.

1 (D) THE MEMBER IS COVERED UNDER BENEFIT PROGRAM DC AT THE  
2 TIME THE MEMBERSHIP TERMINATES.

3 (2) A vested former member may retire upon satisfaction of  
4 the requirements of section 10. The benefit programs applicable  
5 to a vested former member shall be determined as of the date of  
6 termination of membership and shall not be affected by a subse-  
7 quent change in benefit programs applicable to the classifica-  
8 tions held by the vested former member.

9 SEC. 19A. (1) THIS SECTION APPLIES TO A MEMBER COVERED BY  
10 BENEFIT PROGRAM DC.

11 (2) THE MEMBER'S PARTICIPATING MUNICIPALITY OR PARTICIPATING  
12 COURT SHALL CONTRIBUTE A PERCENTAGE OF THE MEMBER'S COMPENSATION  
13 TO THE RETIREMENT SYSTEM. THE PARTICIPATING MUNICIPALITY OR PAR-  
14 TICIPATING COURT SHALL CHOOSE THE PERCENTAGE FROM THE AVAILABLE  
15 CONTRIBUTION PROGRAMS. THE CONTRIBUTION PROGRAMS AVAILABLE FOR  
16 SELECTION ARE ANY PERCENTAGE OF COMPENSATION FROM 1% TO THE MAXI-  
17 MUM PERCENTAGE ALLOWED BY FEDERAL LAW, IN INCREMENTS OF 0.1%.  
18 THE PARTICIPATING MUNICIPALITY OR PARTICIPATING COURT SHALL  
19 CHOOSE THE SAME CONTRIBUTION RATE FOR ALL MEMBERS IN THE SAME  
20 BENEFIT PROGRAM COVERAGE CLASSIFICATION. THE RETIREMENT BOARD  
21 SHALL DETERMINE THE TIMING AND MECHANISM FOR THE REMITTANCE OF  
22 EMPLOYER CONTRIBUTIONS. THE RETIREMENT BOARD MAY ESTABLISH A  
23 PROGRAM FOR MAKING TRANSFERS FROM THE RESERVE FOR EMPLOYER CON-  
24 TRIBUTIONS TO THE RESERVE FOR DEFINED CONTRIBUTION PLAN FOR THE  
25 PURPOSE OF MEETING ALL OR A PART OF THE PARTICIPATING  
26 MUNICIPALITY'S OR PARTICIPATING COURT'S CONTRIBUTION UNDER THIS  
27 SUBSECTION.

1           (3) A MEMBER MAY VOLUNTARILY CONTRIBUTE ADDITIONAL AMOUNTS  
2 TO HIS OR HER INDIVIDUAL ACCOUNT IN THE RESERVE FOR DEFINED CON-  
3 TRIBUTION PLAN TO THE EXTENT ALLOWED BY FEDERAL LAW AND SUBJECT  
4 TO PROCEDURES ESTABLISHED BY THE RETIREMENT BOARD. A MEMBER MAY  
5 ROLL OVER QUALIFIED DISTRIBUTIONS FROM OTHER QUALIFIED RETIREMENT  
6 PLANS INTO THIS RETIREMENT SYSTEM, TO THE EXTENT ALLOWED BY FED-  
7 ERAL LAW. A MEMBER IS IMMEDIATELY 100% VESTED IN THE MEMBER'S  
8 ACCUMULATED BALANCE.

9           (4) THE RETIREMENT BOARD MAY CONTRACT WITH PRIVATE INVEST-  
10 MENT MANAGERS TO INVEST THE ASSETS IN THE RESERVE FOR DEFINED  
11 CONTRIBUTION PLAN. A MEMBER, VESTED FORMER MEMBER, AND BENEFI-  
12 CIARY MAY DIRECT THE INVESTMENT OF THE INDIVIDUAL'S ACCUMULATED  
13 BALANCE TO 1 OR MORE OF THE AVAILABLE CATEGORIES OF INVESTMENT  
14 PROVIDED BY THE INVESTMENT MANAGERS. AT LEAST 3 CATEGORIES OF  
15 INVESTMENT SHALL BE MADE AVAILABLE TO MEMBERS, VESTED FORMER MEM-  
16 BERS, AND BENEFICIARIES AS FOLLOWS:

17           (A) SHORT-TERM SECURITIES.

18           (B) FIXED INCOME SECURITIES.

19           (C) EQUITY SECURITIES.

20           (5) THE RETIREMENT BOARD SHALL DETERMINE THE INVESTMENT CAT-  
21 EGORY FOR THE ACCUMULATED BALANCE OF A MEMBER, VESTED FORMER  
22 MEMBER, OR BENEFICIARY, IF THAT INDIVIDUAL DOES NOT CHOOSE TO  
23 DIRECT HIS OR HER OWN INVESTMENTS UNDER SUBSECTION (4).

24           (6) UPON THE DEATH OF A MEMBER OR VESTED FORMER MEMBER, THE  
25 ACCUMULATED BALANCE OF THE DECEASED MEMBER OR DECEASED VESTED  
26 FORMER MEMBER IS CONSIDERED TO BELONG TO THE BENEFICIARY OR  
27 BENEFICIARIES, IF ANY, NOMINATED BY THE DECEASED MEMBER OR

1 DECEASED VESTED FORMER MEMBER. TO NOMINATE A A BENEFICIARY OR  
2 BENEFICIARIES, A MEMBER SHALL FILE A WRITTEN NOMINATION WITH THE  
3 RETIREMENT BOARD, BASED ON PROCEDURES ESTABLISHED BY THE RETIRE-  
4 MENT BOARD.

5 (7) UPON TERMINATION OF MEMBERSHIP, A VESTED FORMER MEMBER  
6 OR A BENEFICIARY, AS APPLICABLE, SHALL ELECT 1 OR A COMBINATION  
7 OF SEVERAL OF THE FOLLOWING METHODS OF DISTRIBUTION OF THE VESTED  
8 FORMER MEMBER'S OR BENEFICIARY'S ACCUMULATED BALANCE, TO THE  
9 EXTENT ALLOWED BY FEDERAL LAW AND SUBJECT TO PROCEDURES ESTAB-  
10 LISHED BY THE RETIREMENT BOARD:

11 (A) LUMP SUM DISTRIBUTION TO THE VESTED FORMER MEMBER OR  
12 BENEFICIARY.

13 (B) LUMP SUM DIRECT ROLLOVER TO ANOTHER QUALIFIED RETIREMENT  
14 OR PENSION PLAN, TO THE EXTENT ALLOWED BY FEDERAL LAW.

15 (C) ANNUITY FOR THE LIFE OF THE VESTED FORMER MEMBER OR BEN-  
16 EFICIARY, OR OPTIONAL FORMS OF ANNUITY AS DETERMINED BY THE  
17 RETIREMENT BOARD.

18 (D) NO DISTRIBUTION, IN WHICH CASE THE ACCUMULATED BALANCE  
19 SHALL REMAIN IN THE RETIREMENT SYSTEM, TO THE EXTENT ALLOWED BY  
20 FEDERAL LAW.

21 (8) THE RETIREMENT BOARD SHALL PROVIDE AN OPPORTUNITY FOR A  
22 CURRENT MEMBER OF THE RETIREMENT SYSTEM TO ELECT COVERAGE UNDER  
23 BENEFIT PROGRAM DC IF BOTH OF THE FOLLOWING CONDITIONS ARE MET:

24 (A) THE MEMBER'S PARTICIPATING MUNICIPALITY OR PARTICIPATING  
25 COURT ELECTS UNDER SECTION 43 OR 43A TO CHANGE THE BENEFIT PRO-  
26 GRAM FROM A BENEFIT PROGRAM OTHER THAN BENEFIT PROGRAM DC TO  
27 BENEFIT PROGRAM DC, FOR MEMBERS IN A BENEFIT PROGRAM COVERAGE

1 CLASSIFICATION WHO ARE FIRST HIRED AFTER THE EFFECTIVE DATE OF  
2 THE CHANGE.

3 (B) ON THE EFFECTIVE DATE OF THE CHANGE TO BENEFIT PROGRAM  
4 DC, THE MEMBER IS A MEMBER OF THE RETIREMENT SYSTEM AND IS IN THE  
5 BENEFIT PROGRAM COVERAGE CLASSIFICATION DESCRIBED IN SUBDIVISION  
6 (A).

7 (9) THE RETIREMENT SYSTEM SHALL OFFER 1 OPPORTUNITY FOR A  
8 MEMBER WHO SATISFIES THE CONDITIONS OF SUBSECTION (8) TO ELECT  
9 COVERAGE UNDER BENEFIT PROGRAM DC, AND ONCE MADE, THE ELECTION IS  
10 IRREVOCABLE BY THE MEMBER. THE MEMBER SHALL MAKE THE ELECTION  
11 UNDER THIS SUBSECTION IN WRITING, BASED ON PROCEDURES ESTABLISHED  
12 BY THE RETIREMENT BOARD. THE RETIREMENT BOARD SHALL BEGIN  
13 ACCEPTING WRITTEN ELECTIONS FROM MEMBERS ON AND AFTER THE EFFEC-  
14 TIVE DATE OF THE CHANGE OF BENEFIT PROGRAM PURSUANT TO SUBSECTION  
15 (8), AND SHALL NOT ACCEPT WRITTEN ELECTIONS FROM MEMBERS AFTER  
16 THE FIRST DAY OF THE FIRST CALENDAR MONTH THAT IS AT LEAST 5  
17 MONTHS AFTER THE EFFECTIVE DATE OF THE CHANGE OF BENEFIT  
18 PROGRAM. IF THE MEMBER IS MARRIED AT THE TIME OF ELECTION, THE  
19 ELECTION IS NOT EFFECTIVE UNLESS THE ELECTION IS SIGNED BY THE  
20 MEMBER'S SPOUSE, EXCEPT THAT THIS REQUIREMENT MAY BE WAIVED BY  
21 THE RETIREMENT BOARD IF THE SIGNATURE OF THE MEMBER'S SPOUSE  
22 CANNOT BE OBTAINED BECAUSE OF EXTENUATING CIRCUMSTANCES.

23 (10) A MEMBER WHO MAKES A WRITTEN ELECTION UNDER  
24 SUBSECTION (9) SHALL ELECT TO DO ALL OF THE FOLLOWING:

25 (A) CEASE TO BE COVERED BY THE PREVIOUS BENEFIT PROGRAM  
26 EFFECTIVE 12:01 A.M. ON THE FIRST DAY OF THE FIRST CALENDAR MONTH

1 THAT IS AT LEAST 6 MONTHS AFTER THE EFFECTIVE DATE OF THE CHANGE  
2 OF BENEFIT PROGRAM.

3 (B) BECOME COVERED BY BENEFIT PROGRAM DC EFFECTIVE 12:01  
4 A.M. ON THE FIRST DAY OF THE FIRST CALENDAR MONTH THAT IS AT  
5 LEAST 6 MONTHS AFTER THE EFFECTIVE DATE OF THE CHANGE OF BENEFIT  
6 PROGRAM.

7 (C) EXCEPT AS PROVIDED IN SUBSECTION (11), WAIVE ALL OF HIS  
8 OR HER RIGHTS TO A RETIREMENT ALLOWANCE OR ANY OTHER BENEFIT PRO-  
9 VIDED UNDER THE PREVIOUS BENEFIT PROGRAM.

10 (11) FOR EACH MEMBER WHO, UNDER SUBSECTION (9), ELECTS COV-  
11 ERAGE UNDER BENEFIT PROGRAM DC, THE RETIREMENT BOARD SHALL TRANS-  
12 FER THE FOLLOWING AMOUNTS FROM THE RESERVE FOR EMPLOYEE CONTRIBU-  
13 TIONS AND THE RESERVE FOR EMPLOYER CONTRIBUTIONS TO THE RESERVE  
14 FOR DEFINED CONTRIBUTION PLAN:

15 (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, AS OF  
16 12:01 A.M. ON THE DAY THE MEMBER BECOMES COVERED BY BENEFIT PRO-  
17 GRAM DC SHALL BE TRANSFERRED FROM THE RESERVE FOR EMPLOYEE CON-  
18 TRIBUTIONS TO THE RESERVE FOR DEFINED CONTRIBUTION PLAN.

19 (B) THE EXCESS, IF ANY, OF THE FUNDED PORTION OF THE ACTUAR-  
20 IAL PRESENT VALUE OF CREDITED PROJECTED BENEFITS ASSOCIATED WITH  
21 THE MEMBER'S COVERAGE UNDER THE PREVIOUS BENEFIT PROGRAM, OVER  
22 THE AMOUNT SPECIFIED IN SUBDIVISION (A), SHALL BE TRANSFERRED  
23 FROM THE RESERVE FOR EMPLOYER CONTRIBUTIONS TO THE RESERVE FOR  
24 DEFINED BENEFIT PLAN. FOR PURPOSES OF THIS SUBDIVISION, THE  
25 FUNDED PORTION OF THE ACTUARIAL PRESENT VALUE SHALL BE DETERMINED  
26 AS OF THE MOST RECENT ANNUAL ACTUARIAL VALUATION AND SHALL NOT  
27 EXCEED 100% FUNDED. FOR PURPOSES OF THIS SUBDIVISION, THE

1 ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF 12:01 A.M. ON THE  
2 DAY THE MEMBER BECOMES COVERED BY BENEFIT PROGRAM DC AND SHALL BE  
3 BASED ON THE ACTUARIAL ASSUMPTIONS ADOPTED BY THE RETIREMENT  
4 BOARD FOR THE MOST RECENT ANNUAL ACTUARIAL VALUATION.

5       Sec. 24. (1) The retirement board may retire a member,  
6 OTHER THAN A MEMBER COVERED BY BENEFIT PROGRAM DC, who becomes  
7 incapacitated for continued employment by the member's partici-  
8 pating municipality or participating court if each of the follow-  
9 ing conditions is met:

10       (a) Application for disability retirement is filed with the  
11 retirement system by either the member or the member's partici-  
12 pating municipality or participating court within 1 year after  
13 the date the member ceases to be paid by the participating munic-  
14 ipality or participating court.

15       (b) The member has 10 or more years of credited service.

16       (c) The member undergoes the medical examinations and tests  
17 ordered by the retirement system.

18       (d) The medical adviser certifies all of the following to  
19 the retirement board:

20       (i) The member is mentally or physically incapacitated for  
21 any continued employment by the participating municipality or  
22 participating court.

23       (ii) The incapacity is likely to be permanent.

24       (iii) The member should be retired.

25       (2) Medical examinations shall be made by or under the  
26 direction of a medical adviser selected by the retirement board.

1 The effective date of a disability retirement shall not predate  
2 either of the following:

3 (a) The date of the disability.

4 (b) The date the member ceases to be paid by the participat-  
5 ing municipality or participating court.

6 (3) The amount of a disability retirement allowance shall be  
7 computed in accordance with the benefit programs that are appli-  
8 cable to the disability retirant's credited service. The early  
9 retirement reduction provisions of section 10(3) shall not be  
10 applied.

11 (4) The following exceptions to the provisions of subsec-  
12 tions (1) to (3) shall apply if the retirement board finds that  
13 the member's disability was the natural and proximate result of a  
14 personal injury or disease arising out of and in the course of  
15 the member's actual performance of duty in the employ of the par-  
16 ticipating municipality or participating court:

17 (a) The requirement of 10 or more years of credited service  
18 shall be waived.

19 (b) The amount of retirement allowance shall be computed as  
20 if the member had acquired exactly 10 years of credited service  
21 if the member had actually acquired less than 10 years of cred-  
22 ited service.

23 Sec. 26. (1) A retirement allowance shall be paid for life  
24 to the surviving spouse of a deceased member or a deceased vested  
25 former member, OTHER THAN A MEMBER OR VESTED FORMER MEMBER COV-  
26 ERED BY BENEFIT PROGRAM DC, if each of the following conditions  
27 is met:

1 (a) The member or vested former member has 10 or more years  
2 of credited service.

3 (b) The member or vested former member was married to the  
4 surviving spouse at the time of death.

5 (c) The member or vested former member does not have a  
6 section 28 named contingent survivor beneficiary at the time of  
7 death.

8 (2) Payment of a retirement allowance to the surviving  
9 spouse of a deceased vested former member shall not commence  
10 ~~prior to~~ BEFORE the date the member would have first satisfied  
11 a section 10 age and service requirement for retirement without  
12 application of the section 10(3) reduction factor. The amount of  
13 a surviving spouse's retirement allowance shall be 85% of the  
14 deceased member's or deceased vested former member's accrued  
15 retirement allowance.

16 (3) A retirement allowance shall be paid to each surviving  
17 child of a deceased member or a deceased vested former member,  
18 OTHER THAN A MEMBER OR VESTED FORMER MEMBER COVERED BY BENEFIT  
19 PROGRAM DC, if each of the following conditions is met:

20 (a) The member or vested former member has 10 or more years  
21 of credited service.

22 (b) The child is unmarried and has not attained age 21  
23 years.

24 (c) The member or vested former member does not have a  
25 section 28 named contingent survivor beneficiary at the time of  
26 death.

(4) Payment of a retirement allowance to a surviving child shall not be made for any month for which a surviving spouse is paid a retirement allowance. A surviving child's retirement allowance shall terminate upon the child's twenty-first birthday or upon the prior marriage or death of the child. The amount of a surviving child's retirement allowance shall be an equal share of 50% of the deceased member's or the deceased vested former member's accrued retirement allowance. A child's share shall be recomputed each time there is a change in the number of surviving children eligible for payment of a retirement allowance.

(5) A deceased member's or a deceased vested former member's accrued retirement allowance shall be computed under the following presumptions:

(a) The deceased member or deceased vested former member shall be presumed to have retired under the provisions of section 10, exclusive of section 10(3), on the day preceding death.

(b) The deceased member shall be presumed to have elected form of payment SL.

(6) The presumptions of retiring and election of form of payment shall be effective notwithstanding the failure to satisfy the specific requirements of sections 10 and 23 with regard to such activities.

Sec. 28. (1) A member, OTHER THAN A MEMBER COVERED BY BENEFIT PROGRAM DC, may name a contingent survivor beneficiary for the exclusive purpose of being paid a retirement allowance under this section. The naming of a contingent survivor beneficiary shall be in writing and filed with the retirement system. The

1 contingent survivor beneficiary may be revoked or changed at any  
2 time ~~prior to~~ BEFORE termination of membership.

3 (2) A retirement allowance shall be paid to the contingent  
4 survivor beneficiary for life, if each of the following condi-  
5 tions is met:

6 (a) The member dies while still a member employed by a par-  
7 ticipating municipality or participating court.

8 (b) The member at time of death has 10 or more years of  
9 credited service.

10 (c) The contingent survivor beneficiary is found by the  
11 retirement board to have an insurable interest in the life of the  
12 deceased member.

13 (d) A spouse, if married to the member at the time of the  
14 election, has agreed in writing to the naming of the contingent  
15 survivor beneficiary if that beneficiary is a person other than  
16 the spouse.

17 (3) The amount of retirement allowance payable to a contin-  
18 gent survivor beneficiary shall be computed under the following  
19 presumptions:

20 (a) The deceased member shall be presumed to have retired  
21 under section 10, exclusive of section 10(3), on the day preced-  
22 ing the member's death.

23 (b) The deceased member shall be presumed to have elected  
24 form of payment II and named the contingent survivor beneficiary  
25 as survivor beneficiary.

26 (4) The presumptions of retiring, election of form of  
27 payment, and naming of survivor beneficiary shall be effective

1 notwithstanding the failure to satisfy the specific requirements  
2 of sections 10 and 23 with regard to such activities.

3 Sec. 39. (1) The retirement board shall be the trustees of  
4 the money and other assets of the retirement system. ~~The~~  
5 EXCEPT AS OTHERWISE PROVIDED IN SECTION 19A, THE board shall have  
6 full power and authority to invest and reinvest the money and  
7 other assets of the retirement system subject to all terms, con-  
8 ditions, limitations, and restrictions imposed on the investment  
9 of assets of public employee retirement systems by Act No. 314 of  
10 the Public Acts of 1965, being sections 38.1132 to 38.1140i of  
11 the Michigan Compiled Laws. The retirement board may employ out-  
12 side investment counsel to advise the board in the making and  
13 disposition of investments.

14 (2) All money and other assets of the retirement system  
15 shall be held and invested for the sole purpose of meeting dis-  
16 bursements authorized ~~in accordance with the provisions of~~  
17 UNDER this act and shall be used for no other purpose. In exer-  
18 cising its discretionary authority with respect to the management  
19 of the money and other assets of the retirement system, the  
20 retirement board shall exercise the care, skill, prudence, and  
21 diligence under the circumstances then prevailing, that a person  
22 of prudence, acting in a like capacity and familiar with such  
23 matters, would use in the conduct of an enterprise of like char-  
24 acter with like aims.

25 Sec. 44. (1) A participating municipality may elect to ter-  
26 minate participation by an affirmative vote by the qualified  
27 electors of the participating municipality. The clerk or

1 secretary of the participating municipality shall certify to the  
2 retirement system, in the manner and form prescribed by the  
3 retirement board, the determination of the participating munici-  
4 pality to terminate participation. The certification shall be  
5 made within 10 days after the canvass of votes of the qualified  
6 electors. The effective date of termination of participation  
7 shall be the first day of the participating municipality's fiscal  
8 year ~~which~~ THAT is at least 6 months after the date of the vote  
9 by the qualified electors. Termination of participation shall  
10 preclude a municipality from again becoming a participating  
11 municipality during the 5-year period immediately following the  
12 effective date of the termination of participation.

13 (2) The disposition of balances in the reserve for employee  
14 contributions, THE RESERVE FOR DEFINED CONTRIBUTION PLAN, and the  
15 reserve for employer contributions when a participating munici-  
16 pality terminates participation in the retirement system pursuant  
17 to subsection (1) shall be as follows:

18 (a) The balance standing to each person's credit in the  
19 reserve for employee contributions shall be distributed to the  
20 person in the form of either a single sum payment or an annuity  
21 ~~which~~ THAT is the actuarial equivalent of the single sum pay-  
22 ment, as determined by the retirement board.

23 (B) THE BALANCE STANDING TO EACH PERSON'S CREDIT IN THE  
24 RESERVE FOR DEFINED CONTRIBUTION PLAN SHALL BE DISTRIBUTED TO THE  
25 PERSON AS PROVIDED IN SECTION 19A.

26 (C) ~~(b)~~ The retirement board shall adjust the balance in  
27 the reserve for employer contributions to a market value basis

1 for the purpose of determining the amount of an insufficiency or  
2 the amount of an overage ~~in accordance with~~ UNDER this  
3 subdivision. The adjusted balance in the reserve for employer  
4 contributions shall be periodically compared to the actuarial  
5 accrued liabilities, including a margin for experience fluctua-  
6 tion, for accrued pensions payable and to be paid persons on  
7 account of the municipality's participation in the retirement  
8 system. If at the time of a comparison the adjusted balance is  
9 insufficient to fully cover the actuarial accrued liabilities,  
10 the insufficiency shall be an obligation of the municipality and  
11 shall be liquidated as determined by the retirement board. If at  
12 the time of a comparison the adjusted balance is more than suffi-  
13 cient to fully cover the actuarial accrued liabilities, the over-  
14 age shall be returned to the municipality in a single sum or, at  
15 the request of the municipality, transferred to another retire-  
16 ment plan covering the employees of the municipality.

17 Sec. 44a. (1) A participating court may elect to terminate  
18 participation by an affirmative vote by the qualified electors of  
19 the municipalities that are required by law to fund the court.  
20 The chief judge of the participating court shall certify to the  
21 retirement system, in the manner and form prescribed by the  
22 retirement board, the determination of the participating court to  
23 terminate participation. The certification shall be made within  
24 10 days after the canvass of votes of the qualified electors.  
25 ~~the~~ THE effective date of termination of participation shall be  
26 the first day of the participating court's fiscal year that is at  
27 least 6 months after the date of the vote by the qualified

1 electors. Termination of participation shall preclude a court  
2 from again becoming a participating court during the 5-year  
3 period immediately following the effective date of the termina-  
4 tion of participation.

5 (2) The disposition of balances in the reserve for employee  
6 contributions, THE RESERVE FOR DEFINED CONTRIBUTION PLAN, and the  
7 reserve for employer contributions when a participating court  
8 terminates participation in the retirement system pursuant to  
9 subsection (1) shall be as follows:

10 (a) The balance standing to each person's credit in the  
11 reserve for employee contributions shall be distributed to the  
12 person in the form of either a single sum payment or an annuity  
13 that is the actuarial equivalent of the single sum payment, as  
14 determined by the retirement board.

15 (B) THE BALANCE STANDING TO EACH PERSON'S CREDIT IN THE  
16 RESERVE FOR DEFINED CONTRIBUTION PLAN SHALL BE DISTRIBUTED TO THE  
17 PERSON AS PROVIDED IN SECTION 19A.

18 (C) ~~(b)~~ The retirement board shall adjust the balance in  
19 the reserve for employer contributions to a market value basis  
20 for the purpose of determining the amount of an insufficiency or  
21 the amount of an overage ~~in accordance with~~ UNDER this  
22 subdivision. The adjusted balance in the reserve for employer  
23 contributions shall be periodically compared to the actuarial  
24 accrued liabilities, including a margin for experience fluctua-  
25 tion, for accrued pensions payable and to be paid persons on  
26 account of the court's participation in the retirement system.  
27 If at the time of a comparison the adjusted balance is

1 insufficient to fully cover the actuarial accrued liabilities,  
2 the insufficiency shall be an obligation of the court and shall  
3 be liquidated as determined by the retirement board. If at the  
4 time of a comparison the adjusted balance is more than sufficient  
5 to fully cover the actuarial accrued liabilities, the overage  
6 shall be returned to the court in a single sum or, at the request  
7 of the chief judge of the court, transferred to another retire-  
8 ment plan covering the employees of the court.

9       Sec. 46. (1) The reserve for employee contributions is the  
10 account in which member contributions, OTHER THAN THE CONTRIBU-  
11 TIONS OF MEMBERS COVERED BY BENEFIT PROGRAM DC, are accumulated  
12 and from which shall be made refunds and transfers of accumulated  
13 member contributions. The retirement system shall maintain 1 or  
14 more separate ~~subaccounts~~ INDIVIDUAL ACCOUNTS for each person  
15 having an interest in this ~~account~~ RESERVE.

16       (2) A participating municipality or participating court  
17 shall cause the applicable member contributions to be deducted  
18 from the compensation of each member in its employ. Continuation  
19 of employment by the member shall constitute consent and agree-  
20 ment to the deduction of the applicable member contribution.  
21 Payment of compensation less the deduction shall be a ~~full and~~  
22 complete discharge ~~and acquittance~~ of all claims ~~and demands~~  
23 for compensation for service rendered by the member to the par-  
24 ticipating municipality or participating court.

25       (3) A participating municipality or participating court  
26 shall certify to the retirement system the amount of compensation  
27 paid a member employed by the participating municipality or

1 participating court. A participating municipality or  
2 participating court shall pay to the retirement system the aggre-  
3 gate amount of member contributions collected. Remittance of  
4 member contributions shall be made ~~in accordance with~~ UNDER  
5 procedures and schedules established by the retirement board.  
6 The retirement system may assess an interest charge and a penalty  
7 charge on any payment not made within 15 days after its due  
8 date.

9 (4) Accumulated member contributions shall be transferred  
10 from the reserve for employee contributions to the reserve for  
11 retired benefit payments upon the retirement or death of a member  
12 or vested former member.

13 SEC. 46A. (1) THE RESERVE FOR DEFINED CONTRIBUTION PLAN IS  
14 THE ACCOUNT TO WHICH MEMBER CONTRIBUTIONS AND CONTRIBUTIONS BY OR  
15 ON BEHALF OF PARTICIPATING MUNICIPALITIES AND PARTICIPATING  
16 COURTS FOR MEMBERS COVERED BY BENEFIT PROGRAM DC ARE CREDITED,  
17 AND TO WHICH INVESTMENT INCOME EARNED ON THE CONTRIBUTIONS IS  
18 CREDITED. THE RESERVE FOR DEFINED CONTRIBUTION PLAN IS THE  
19 ACCOUNT FROM WHICH DISTRIBUTIONS OF ACCUMULATED BALANCES SHALL BE  
20 MADE AND FROM WHICH TRANSFERS SHALL BE MADE TO THE RESERVE FOR  
21 ADMINISTRATIVE EXPENSES. THE RETIREMENT SYSTEM SHALL MAINTAIN  
22 OR MORE SEPARATE INDIVIDUAL ACCOUNTS FOR EACH PERSON HAVING AN  
23 INTEREST IN THIS RESERVE.

24 (2) A PARTICIPATING MUNICIPALITY OR PARTICIPATING COURT  
25 SHALL CAUSE THE APPLICABLE MEMBER CONTRIBUTIONS TO BE DEDUCTED  
26 FROM THE COMPENSATION OF EACH MEMBER IN ITS EMPLOY. CONTINUATION  
27 OF EMPLOYMENT BY THE MEMBER SHALL CONSTITUTE CONSENT AND

1 AGREEMENT TO THE DEDUCTION OF THE APPLICABLE MEMBER  
2 CONTRIBUTIONS. PAYMENT OF COMPENSATION LESS THE DEDUCTION SHALL  
3 BE A COMPLETE DISCHARGE OF ALL CLAIMS FOR COMPENSATION FOR SERV-  
4 ICE RENDERED BY THE MEMBER TO THE PARTICIPATING MUNICIPALITY OR  
5 PARTICIPATING COURT.

6 (3) A PARTICIPATING MUNICIPALITY OR PARTICIPATING COURT  
7 SHALL CERTIFY TO THE RETIREMENT SYSTEM THE AMOUNT OF COMPENSATION  
8 PAID A MEMBER EMPLOYED BY THE PARTICIPATING MUNICIPALITY OR PAR-  
9 TICIPATING COURT. A PARTICIPATING MUNICIPALITY OR PARTICIPATING  
10 COURT SHALL PAY TO THE RETIREMENT SYSTEM THE AGGREGATE AMOUNT OF  
11 MEMBER CONTRIBUTIONS COLLECTED. REMITTANCE OF MEMBER CONTRIBU-  
12 TIONS SHALL BE MADE UNDER PROCEDURES AND SCHEDULES ESTABLISHED BY  
13 THE RETIREMENT BOARD. THE RETIREMENT SYSTEM MAY ASSESS AN INTER-  
14 EST CHARGE AND A PENALTY CHARGE ON ANY PAYMENT NOT MADE WITHIN 15  
15 DAYS AFTER ITS DUE DATE.

16 Sec. 47. The reserve for employer contributions is the  
17 account to which contributions by or on behalf of participating  
18 municipalities and participating courts shall be credited, OTHER  
19 THAN CONTRIBUTIONS MADE ON ACCOUNT OF MEMBERS COVERED BY BENEFIT  
20 PROGRAM DC. The retirement system shall maintain a separate sub-  
21 account for each participating municipality and participating  
22 court.

23 Sec. 50. The reserve for undistributed investment income is  
24 the account to which is credited all interest, dividends, and  
25 other income from the investment of retirement system assets,  
26 OTHER THAN ASSETS IN THE RESERVE FOR DEFINED CONTRIBUTION PLAN;  
27 all gifts and bequests received by the retirement system; all

1 unclaimed accumulated contributions and retirement allowances;  
2 and all other money received by the retirement system the dispo-  
3 sition of which is not specifically provided. There shall be  
4 transferred from the reserve for undistributed investment income  
5 all amounts required to credit interest to the reserve for  
6 employee contributions, reserve for employer contributions, and  
7 the reserve for retired benefit payments; and to fund the reserve  
8 for administrative expenses. ~~Whenever~~ IF the retirement board  
9 determines the balance in the reserve for undistributed invest-  
10 ment income is more than sufficient to cover current charges to  
11 the reserve, all or any part of the excess may be used to provide  
12 contingency reserves or to meet special requirements of the other  
13 reserve accounts of the retirement system. ~~Whenever~~ IF the  
14 balance in the reserve for undistributed investment income is  
15 insufficient to meet the current charges to the account, the  
16 amount of the insufficiency shall be transferred from the reserve  
17 for employer contributions.

18       Sec. 51. The expenses for the administration of the retire-  
19 ment system shall be paid from the reserve for administrative  
20 expenses account. There shall be appropriated annually from the  
21 reserve for undistributed investment income AND THE RESERVE FOR  
22 DEFINED CONTRIBUTION PLAN an amount sufficient to cover the nec-  
23 essary expenses of administering this act.