

# HOUSE BILL No. 4600

April 17, 2007, Introduced by Rep. Hammel and referred to the Committee on Government Operations.

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
(MCL 38.1 to 38.69) by adding section 49a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        SEC. 49A. (1) THE RETIREMENT BOARD SHALL CREATE AND IMPLEMENT  
2        A STATE EMPLOYEE HEALTH CARE FUND FOR THE PURPOSE OF ACCUMULATING  
3        FUNDS TO PROVIDE FOR THE FUNDING OF HEALTH CARE BENEFITS TO  
4        RETIRANTS, FORMER QUALIFIED PARTICIPANTS, AND OTHER BENEFICIARIES  
5        UNDER THIS ACT. NO LATER THAN 12 MONTHS AFTER THE EFFECTIVE DATE OF  
6        THE AMENDATORY ACT THAT ADDED THIS SECTION, THE RETIREMENT BOARD  
7        SHALL SUBMIT A REPORT TO THE SENATE MAJORITY LEADER AND THE SPEAKER  
8        OF THE HOUSE OF REPRESENTATIVES DOCUMENTING THE PROGRESS TOWARD  
9        ESTABLISHMENT AND IMPLEMENTATION OF THE FUND. MONEY FOR THE PAYMENT  
10       OF THE HEALTH CARE COSTS FOR RETIRANTS, FORMER QUALIFIED

1 PARTICIPANTS, AND BENEFICIARIES MAY BE PROVIDED FROM THIS FUND. THE  
2 LEGISLATURE INTENDS THAT THE FUND BE ESTABLISHED AS EXEMPT FROM  
3 FEDERAL TAXES EITHER AS A VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION  
4 UNDER SECTION 501(C)(9) OF THE INTERNAL REVENUE CODE, 26 USC 501,  
5 OR PURSUANT TO SECTION 115 OF THE INTERNAL REVENUE CODE, 26 USC  
6 115. THE RETIREMENT BOARD SHALL ASSURE THAT THE FUND SHALL INCLUDE  
7 ALL OF THE FOLLOWING:

8 (A) THE DESIGNATION OF A PERSON OR PERSONS WHO SHALL ACT AS  
9 THE FUND'S INVESTMENT FIDUCIARY.

10 (B) A RESTRICTION OF WITHDRAWALS FROM THE FUND SOLELY FOR THE  
11 PAYMENT OF HEALTH CARE BENEFITS ON BEHALF OF QUALIFIED PERSONS AND  
12 THE PAYMENT OF THE EXPENSES OF ADMINISTRATION OF THE FUND.

13 (C) THE DESIGNATION OF WHO IS A QUALIFIED PERSON FOR THE  
14 PURPOSES OF PAYMENT OF HEALTH CARE BENEFITS FROM THE FUND.

15 (D) A DETERMINATION OF WHETHER THE FUND WILL BE ESTABLISHED ON  
16 AN ACTUARIAL BASIS.

17 (2) THE FUND MAY RECEIVE MONEY FROM ANY SOURCE, INCLUDING, BUT  
18 NOT LIMITED TO, CONTRIBUTIONS FROM MEMBERS AND QUALIFIED  
19 PARTICIPANTS. THE LEGISLATURE INTENDS THAT ANY CONTRIBUTIONS FROM  
20 MEMBERS AND QUALIFIED PARTICIPANTS BE PRETAX CONTRIBUTIONS FOR  
21 FEDERAL TAX PURPOSES.

22 (3) THE INVESTMENT FIDUCIARY SHALL INVEST THE FUND ASSETS IN  
23 ACCORDANCE WITH THE PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT  
24 ACT, 1965 PA 314, MCL 38.1132 TO 38.1140M.