

HOUSE BILL No. 4601

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

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," (MCL 38.1301 to 38.1408) by adding section 91a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 91A. (1) THE RETIREMENT SYSTEM SHALL ESTABLISH A PUBLIC
2 SCHOOL EMPLOYEE HEALTH CARE FUND FOR THE PURPOSE OF ACCUMULATING
3 MONEY TO PROVIDE FOR THE FUNDING OF HOSPITAL, MEDICAL-SURGICAL, AND
4 SICK CARE BENEFITS FOR RETIRANTS AND RETIREMENT ALLOWANCE
5 BENEFICIARIES WHO ELECT COVERAGE IN THE PLAN AUTHORIZED BY THE
6 RETIREMENT BOARD AND THE DEPARTMENT. MONEY FOR THE PAYMENT OF
7 HEALTH CARE BENEFITS TO RETIRANTS AND RETIREMENT ALLOWANCE
8 BENEFICIARIES MAY BE PROVIDED FROM THIS FUND. THE FUND SHALL BE
9 IMPLEMENTED TO INCLUDE ALL OF THE FOLLOWING:

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

3 (B) A RESTRICTION OF WITHDRAWALS FROM THE FUND SOLELY FOR THE
4 PAYMENT OF HEALTH CARE BENEFITS ON BEHALF OF ELIGIBLE RETIRANTS AND
5 RETIREMENT ALLOWANCE BENEFICIARIES AND THE PAYMENT OF THE EXPENSES
6 OF ADMINISTRATION OF THE FUND.

7 (C) THE DESIGNATION OF WHO IS QUALIFIED TO HAVE THE COST OF
8 RETIREMENT HEALTH CARE BENEFITS PAID FROM THE FUND.

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

11 (2) IT IS THE INTENT OF THE LEGISLATURE THAT THE FUND
12 ESTABLISHED UNDER THIS SECTION QUALIFY FOR FEDERAL TAX PURPOSES AS
13 A VOLUNTARY EMPLOYEE BENEFITS ASSOCIATION UNDER SECTION 501(C)(9)
14 OF THE INTERNAL REVENUE CODE, 26 USC 501, OR AS A TRUST UNDER
15 SECTION 115 OF THE INTERNAL REVENUE CODE, 26 USC 115. NOT LATER
16 THAN 12 MONTHS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT
17 ADDED THIS SECTION, THE RETIREMENT SYSTEM SHALL REPORT TO THE
18 SENATE MAJORITY LEADER AND THE SPEAKER OF THE HOUSE OF
19 REPRESENTATIVES ON THE STATUS OF IMPLEMENTATION OF THIS SECTION.

20 (3) FUNDS IN A TRUST OR FUND ESTABLISHED UNDER THIS SECTION
21 SHALL BE INVESTED IN ACCORDANCE WITH THE PUBLIC EMPLOYEE RETIREMENT
22 SYSTEM INVESTMENT ACT, 1965 PA 314, MCL 38.1132 TO 38.1140M.