

# HOUSE BILL No. 5693

December 10, 2009, Introduced by Rep. Dillon and referred to the Committee on Public Employee Health Care Reform.

A bill to amend 1937 PA 345, entitled  
"Fire fighters and police officers retirement act,"  
by amending section 9 (MCL 38.559), as amended by 2002 PA 98.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 9. (1) The contributions of a member to the retirement  
2 system shall be 5% of the salary paid to the member by the  
3 municipality. The officer responsible for making up the payroll  
4 shall cause the contributions provided for in this subsection to be  
5 deducted from the salary of each member on each payroll for each  
6 payroll period so long as he or she remains an active member in the  
7 employ of the municipality. The amounts deducted shall be paid into  
8 the funds of the retirement system. The members' contributions  
9 provided for in this act shall be made notwithstanding that the  
10 minimum salary provided for by law is changed by the members'

1 contributions. Every member shall be considered to consent and to  
2 agree to the deductions made and provided for in this act and shall  
3 receipt for his or her full salary and payment of his or her salary  
4 less the deduction, which is a full and complete discharge and  
5 acquittance of all claims and demands for the services rendered by  
6 the member during the period covered by the payment, except as to  
7 benefits provided by this retirement system.

8 (2) For the purpose of creating and maintaining a fund for the  
9 payment of the pensions and other benefits payable as provided in  
10 this act, the municipality, subject to ~~the provisions of this act,~~  
11 shall appropriate, at the end of ~~such~~ **THE** regular intervals ~~as may~~  
12 ~~be~~ **THAT ARE** adopted, quarterly, semiannually, or annually, an  
13 amount sufficient to maintain actuarially determined reserves  
14 covering pensions payable or that might be payable on account of  
15 service performed and to be performed by active members, and  
16 pensions being paid to retired members and beneficiaries. The  
17 appropriations to be made by the municipality in any fiscal year  
18 shall be sufficient to pay all pensions due and payable in that  
19 fiscal year to all retired members and beneficiaries. The amount of  
20 the appropriation in a fiscal year shall not be less than 10% of  
21 the aggregate pay received during that fiscal year by members of  
22 the retirement system unless, by actuarial determination, it is  
23 satisfactorily established that a lesser percentage is needed. All  
24 deductions and appropriations shall be payable to the treasurer of  
25 the municipality and he or she shall pay the deductions and  
26 appropriations into the retirement system. Except in municipalities  
27 that are subject to the 15 mill tax limitation ~~as provided by~~ **IN**

1 section 6 of article IX of the state constitution of 1963, the  
2 amount required by taxation to meet the appropriations to be made  
3 by municipalities under this act shall be in addition to any tax  
4 limitation imposed upon tax rates in those municipalities by  
5 charter provisions or by state law subject to section 25 of article  
6 IX of the state constitution of 1963.

7 (3) If, at the beginning or during any fiscal year, it has  
8 been satisfactorily determined by the retirement board that the  
9 accumulated funds of the retirement system plus the municipality's  
10 contribution of 10% of the aggregate pay received during that  
11 fiscal year by members of the retirement system plus members'  
12 contributions of 5% of payroll, are insufficient to pay all  
13 pensions and other benefits due and payable in that year out of  
14 funds of the retirement system, then all pensions and other  
15 benefits payable shall be prorated for the remainder of the fiscal  
16 year by the retirement board.

17 (4) Any clerical, legal, actuarial, or medical expenses  
18 required by the retirement board, or any other necessary expense  
19 for the operation of the retirement system, shall be provided for  
20 by the municipality or shall be paid from the investment income of  
21 the retirement system, as determined by the governing body of the  
22 municipality. The retirement board shall submit expenses  
23 periodically to the governing body of the municipality. If use of  
24 investment income to pay these expenses causes an actuarial  
25 insufficiency in the assets of the retirement system used to pay  
26 pensions, the insufficiency shall be made up by the municipality.

27 (5) All pensions allowed and payable to retired members and

1 beneficiaries under this act shall become obligations of and be  
2 payable from the funds of the retirement system.

3 (6) The right of a person to a pension, to the return of  
4 member contributions, to any optional benefits, or any other right  
5 accrued or accruing to a member or beneficiary under this act and  
6 the money belonging to the retirement system is subject to the  
7 public employee retirement benefit protection act, 2002 PA 100, MCL  
8 38.1681 TO 38.1689.

9 (7) IF ANY MUNICIPALITY UNDER THIS ACT PROVIDES RETIREMENT  
10 HEALTH CARE COVERAGE, COVERAGE PROVIDED AND PLANS AUTHORIZED SHALL  
11 BE PROVIDED AND AUTHORIZED IN ACCORDANCE WITH THE MICHIGAN HEALTH  
12 BENEFITS PROGRAM ACT. COVERAGE PROVIDED AND PLANS AUTHORIZED IN  
13 ACCORDANCE WITH THE MICHIGAN HEALTH BENEFITS PROGRAM ACT SHALL BE  
14 PROVIDED AND AUTHORIZED SUBJECT TO SECTION 21 OF THE MICHIGAN  
15 HEALTH BENEFITS PROGRAM ACT.

16 Enacting section 1. This amendatory act does not take effect  
17 unless House Bill No. 5345 of the 95th Legislature is enacted into  
18 law.