

HOUSE BILL No. 5854

September 11, 2012, Introduced by Reps. Pscholka, MacMaster, Potvin, Rogers, MacGregor, Nesbitt, Hovey-Wright, Lori, Jenkins, Hughes, Daley, Ananich, Brunner, Liss and LeBlanc and referred to the Committee on Appropriations.

A bill to amend 1992 PA 234, entitled "The judges retirement act of 1992," by amending the title and sections 105, 106, 111, 214, 214a, 217, 305, and 714 (MCL 38.2105, 38.2106, 38.2111, 38.2214, 38.2214a, 38.2217, 38.2305, and 38.2664), the title and sections 214, 217, 305, and 714 as amended by 2002 PA 95, section 105 as amended by 2008 PA 514, section 106 as amended by 1995 PA 193, and section 214a as added by 1999 PA 215, and by adding sections 214b, 309, and 310.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to establish a judges retirement system; to provide for the administration and maintenance of the retirement system; to create a retirement board; to prescribe the powers and duties of

1 the retirement board; to establish certain reserves for the
2 retirement system; to establish certain funds; to prescribe the
3 powers and duties of certain state departments and certain state
4 and local officials and employees; to provide for certain
5 disqualifications; **TO MAKE APPROPRIATIONS**; to prescribe penalties
6 and provide remedies; and to repeal acts and parts of acts.

7 Sec. 105. (1) Beginning January 1, 2002, except as otherwise
8 provided in this subsection, "eligible retirement plan" means 1 or
9 more of the following:

10 (a) An individual retirement account described in section
11 408(a) of the internal revenue code, 26 USC 408.

12 (b) An individual retirement annuity described in section
13 408(b) of the internal revenue code, 26 USC 408.

14 (c) An annuity plan described in section 403(a) of the
15 internal revenue code, 26 USC 403.

16 (d) A qualified trust described in section 401(a) of the
17 internal revenue code, 26 USC 401.

18 (e) An annuity contract described in section 403(b) of the
19 internal revenue code, 26 USC 403.

20 (f) An eligible plan under section 457(b) of the internal
21 revenue code, 26 USC 457, that is maintained by a state, political
22 subdivision of a state, or an agency or instrumentality of a state
23 or political subdivision of a state and that separately accounts
24 for amounts transferred into ~~such~~**THE** eligible plan under section
25 457(b) of the internal revenue code, 26 USC 457, from this
26 retirement system, that accepts the distributee's eligible rollover
27 distribution.

1 (g) Beginning January 1, 2008, a Roth individual retirement
2 account as described in section 408A of the internal revenue code,
3 26 USC 408A, subject to the rules that apply to rollovers from a
4 traditional individual retirement account to a Roth individual
5 retirement account.

6 (2) Beginning January 1, 2007, "eligible rollover
7 distribution" means a distribution of all or any portion of the
8 balance to the credit of the distributee. Eligible rollover
9 distribution does not include any of the following:

10 (a) A distribution made for the life or life expectancy of the
11 distributee or the joint lives or joint life expectancies of the
12 distributee and the distributee's designated beneficiary.

13 (b) A distribution for a specified period of 10 years or more.

14 (c) A distribution to the extent that the distribution is
15 required under section 401(a)(9) of the internal revenue code, 26
16 USC 401.

17 (d) The portion of any distribution that is not includable in
18 federal gross income, except to the extent such portion of the
19 distribution is paid to either of the following:

20 (i) An individual retirement account or annuity described in
21 section 408(a) or 408(b) of the internal revenue code, 26 USC 408.

22 (ii) A qualified plan described in section 401(a) of the
23 internal revenue code, 26 USC 401, or an annuity contract described
24 in section 403(b) of the internal revenue code, 26 USC 403, and the
25 plan providers agree to separately account for the amounts paid,
26 including any portion of the distribution that is includable in
27 federal gross income, and the portion of the distribution which is

1 not so includable.

2 (3) "Executive secretary" means the executive secretary of the
3 retirement system as provided in section 205.

4 (4) Except as otherwise provided in this subsection, "final
5 compensation" means the annual rate of compensation for the
6 calendar year of retirement. For a member who retires on January 1,
7 final compensation means the annual rate of compensation for the
8 calendar year immediately preceding the date of retirement. Final
9 compensation does not include an amount that exceeds the maximum
10 salary set forth for that particular member or vested former member
11 in the revised judicature act, if applicable. For a member who is a
12 judge and who performs judicial duties for a limited period or a
13 specific assignment as authorized by the supreme court pursuant to
14 section 23 of article VI of the state constitution of 1963, final
15 compensation means the annual rate of compensation the member was
16 being paid at the termination of his or her tenure in office as an
17 elected judge.

18 (5) "Former elected official" means a member who held a state
19 elective office before membership in this retirement system, the
20 former judges retirement system, or the former probate judges
21 retirement system.

22 (6) "Former judges retirement system" means the state of
23 Michigan judges' retirement system created by former 1951 PA 198.

24 (7) "Former probate judges retirement system" means the state
25 of Michigan probate judges retirement system created by former 1954
26 PA 165.

27 (8) **"FUNDING ACCOUNT" MEANS THAT TERM AS DEFINED IN SECTION 2**

1 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA
2 77, MCL 38.2732.

3 (9) "HEALTH REIMBURSEMENT ACCOUNT" MEANS THAT TERM AS DEFINED
4 IN SECTION 2 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING
5 ACT, 2010 PA 77, MCL 38.2732.

6 (10) "HEALTH REIMBURSEMENT ACCOUNT DEPENDENT" MEANS THAT TERM
7 AS DEFINED IN SECTION 2 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH
8 CARE FUNDING ACT, 2010 PA 77, MCL 38.2732.

9 (11) "HRA EFFECTIVE DATE" MEANS THE DATE SPECIFIED BY THE
10 RETIREMENT BOARD THAT IS NOT LATER THAN 1 YEAR FOLLOWING THE
11 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION AND
12 NOT SOONER THAN THE DATE THAT THE DEPARTMENT CERTIFIES THAT THE
13 ADMINISTRATIVE AND OPERATIONAL COMPONENTS FOR THE HEALTH
14 REIMBURSEMENT ACCOUNTS HAVE BEEN COMPLETED.

15 (12) "HRA MEMBER" MEANS A PARTICIPATING MEMBER AS THAT TERM IS
16 DEFINED IN SECTION 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE
17 FUNDING ACT, 2010 PA 77, MCL 38.2732A. AN HRA MEMBER DOES NOT
18 INCLUDE ANY PLAN 1 MEMBER OR ANY PLAN 2 MEMBER UNDER THIS ACT.

19 Sec. 106. (1) "Interest" means the rate or rates of interest
20 per annum, compounded annually, as determined by the retirement
21 board.

22 (2) "Internal revenue code" means the United States internal
23 revenue code of 1986.

24 (3) "Judge" means a ~~duly~~ **AN** elected or appointed justice of
25 the supreme court, judge of the court of appeals, judge of the
26 circuit court, judge of the district court, judge of the probate
27 court, or judge of the recorder's court of the city of Detroit.

1 (4) "MANDATORY CONTRIBUTIONS" MEANS THAT TERM AS DEFINED IN
2 SECTION 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING
3 ACT, 2010 PA 77, MCL 38.2732A.

4 (5) ~~(4)~~—"Medical adviser" means the medical adviser of the
5 retirement system as provided in section 205.

6 (6) "MEDICAL EXPENSE" MEANS THAT TERM AS DEFINED IN SECTION
7 2A OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010
8 PA 77, MCL 38.2732A.

9 (7) ~~(5)~~—"Member" means a judge or state official who is
10 included in the membership of the retirement system as provided in
11 section 401.

12 (8) ~~(6)~~—"Membership service" means service performed as a
13 member under this act or under the former judges retirement system
14 or former probate judges retirement system.

15 Sec. 111. (1) "Vested former member" means a member who is
16 entitled to a deferred vested service retirement allowance under
17 section 502.

18 (2) "VOLUNTARY CONTRIBUTIONS" MEANS THAT TERM AS DEFINED IN
19 SECTION 2B OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING
20 ACT, 2010 PA 77, MCL 38.2732B.

21 Sec. 214. (1) The reserve for health benefits is created. The
22 UNTIL THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
23 SUBSECTION (2), THE retirement system shall deposit into the
24 reserve for health benefits the member contributions for health
25 benefits required by section 305(1)(a), amounts transferred
26 pursuant to section 217(1), and accumulated earnings on these
27 amounts and contributions. The retirement system shall disburse

1 from the reserve for health benefits the premiums for hospital and
2 medical-surgical and sick care benefits as required by sections 509
3 and 719 **BEFORE MAKING ANY DISBURSEMENT FROM THE FUNDING ACCOUNT.**

4 (2) **ON AND AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
5 **ADDED THIS SUBSECTION, THE RETIREMENT SYSTEM SHALL DEPOSIT INTO THE**
6 **FUNDING ACCOUNT THE MEMBER CONTRIBUTIONS FOR HEALTH BENEFITS**
7 **REQUIRED BY SECTION 305(1)(A), AMOUNTS TRANSFERRED PURSUANT TO**
8 **SECTION 217(1), AND QUALIFIED PARTICIPANT CONTRIBUTIONS REQUIRED BY**
9 **SECTION 714(6).**

10 Sec. 214a. (1) Following the date of the determination
11 described in subsection (11) and following the date of the election
12 made under subsection (4), the retirement system shall provide
13 postretirement medical benefits for eligible judges and their
14 health benefit dependents and postdeath medical benefits for health
15 benefit dependents who survive a deceased contributor. Medical
16 benefits shall be provided from a separate account established
17 under the retirement system pursuant to section 401(h) of the
18 ~~United States~~ internal revenue code, **26 USC 401.**

19 (2) A separate account, designated as the "medical benefit
20 account", shall be maintained within the reserve for health
21 benefits. The assets of the retirement system in excess of the
22 amounts then credited to the medical benefit account shall not be
23 used for providing medical benefits under this section. Except as
24 otherwise provided in this section, the assets of the retirement
25 system attributable to amounts then credited to the medical benefit
26 account shall not be used or diverted for any purpose other than
27 providing medical benefits.

1 (3) A separate account, designated as the "medical benefit
2 administrative account", shall be maintained within the reserve for
3 health benefits. Administrative costs of maintaining the medical
4 benefit account shall be paid out of the medical benefit
5 administrative account. Eligible judges making contributions to the
6 medical benefit account consent as a condition of participation
7 that transfers may be made from the subaccounts of each contributor
8 to the medical benefit administrative account equal to no more than
9 25% of the earnings of funds on account in their respective
10 subaccounts.

11 (4) Upon becoming a member of Tier 1 or a qualified
12 participant in Tier 2, and at such other times as the department
13 shall permit, an eligible judge may elect to become a contributor
14 and make contributions to the medical benefit account in an amount
15 not to exceed the maximum contribution then permitted under
16 subsection (5). Each eligible judge who is a member of Tier 1 or a
17 qualified participant in Tier 2 may elect to make contributions to
18 the medical benefit account during an election period of not less
19 than 90 days as determined by the retirement system. Within the
20 medical benefit account, the department shall maintain a subaccount
21 for each contributor that reflects all contributions made by or for
22 that contributor, adjusted for investment experience and payment of
23 medical benefits. The employer of the contributor shall pick up the
24 contributor's contributions in whole or in part and may require
25 that its contributions be derived from a reduction in the
26 contributor's cash salary. If the contributor's contributions are
27 picked up by the employer on a salary-reduction basis, the

1 contributor's election shall be irrevocable to the extent required
2 by section 401(h) of the ~~United States~~ internal revenue code, **26**
3 **USC 401**. Contributions picked up under this subsection on a salary-
4 reduction basis are not included as gross taxable income of the
5 contributor. The value of medical benefits provided from a
6 contributor's subaccount shall not be included in the income of the
7 retired contributor or the contributor's health benefit dependents.

8 (5) The benefits to be provided from the medical benefit
9 account, together with life insurance, if any, provided under the
10 retirement system, are intended to be subordinate to retirement
11 benefits under the retirement system. Accordingly, contributions in
12 calendar years after 1999 credited to a contributor's subaccount,
13 together with contributions, if any, that may be made to provide
14 life insurance for the contributor under the retirement system,
15 shall not exceed an aggregate amount equal to 1/3 of the
16 contributions, including employee contributions, made for those
17 years to provide a retirement allowance for the contributor under
18 Tier 1 or Tier 2 of the retirement system. For purposes of applying
19 a limitation established by this subsection, the retirement system
20 may rely on an actuarial certification prepared by the actuary,
21 demonstrating compliance, and reasonable actuarial assumptions
22 selected by the actuary shall apply for purposes of determining the
23 aggregate contributions for retirement allowances to be determined
24 under this subsection. The retirement system shall determine the
25 method, timing, and limits applicable to all contributors. In no
26 case shall a determination made by the retirement system exceed the
27 maximum provided by this subsection.

1 (6) All payments or reimbursements of medical benefits shall
2 be charged against the balance of the retired contributor's
3 subaccount. Payments or reimbursements shall not be made after the
4 subaccount has been exhausted. **PAYMENT OR REIMBURSEMENT OF**
5 **PREMIUMS, CHARGES, AND EXPENSES UNDER THIS SUBSECTION SHALL BE MADE**
6 **ONLY UPON PRESENTATION OF PROPER DOCUMENTARY EVIDENCE OF AMOUNTS,**
7 **DATES OF COVERAGE OR SERVICE, RECIPIENT OF COVERAGE OR SERVICE, AND**
8 **SUCH OTHER INFORMATION AS THE DEPARTMENT REQUIRES.** Medical benefits
9 to be provided from the medical benefit account shall consist of
10 any of the following as applicable:

11 (a) Payment of premiums for the retired contributor and the
12 contributor's health benefit dependents under the state health
13 plan, the state dental plan, and the state vision plan if the
14 contributor and dependents are enrolled in any of those plans.

15 (b) Payment or reimbursement of premiums or other charges for
16 coverage of the retired contributor and the contributor's health
17 benefit dependents under any group health plan within the meaning
18 of section 5000(b)(1) of the ~~United States~~ internal revenue code,
19 **26 USC 5000.**

20 (c) Payment or reimbursement of premiums or other charges to
21 obtain health insurance coverage within the meaning of section
22 9832(b)(1) of the ~~United States~~ internal revenue code, **26 USC 9832,**
23 for the retired contributor and the contributor's health benefit
24 dependents.

25 (d) Payment or reimbursement of expenses paid or incurred for
26 the medical care, as defined in section 213(d)(1) of the ~~United~~
27 ~~States~~ internal revenue code, **26 USC 213,** of the retired

1 contributor and the contributor's health benefit dependents.
2 ~~Payment or reimbursement of premiums, charges, and expenses~~
3 ~~shall be made only upon presentation of proper documentary evidence~~
4 ~~of amounts, dates of coverage or service, recipient of coverage or~~
5 ~~service, and such other information as the department shall~~
6 ~~require.~~

7 (7) While a contributor or retired contributor remains alive,
8 the department shall comply with the contributor's written
9 directions in regard to the type of medical benefits to be provided
10 under this subsection and the allocation of the medical benefits
11 among the retired contributor and the contributor's health benefit
12 dependents if the directions comply with this subsection and the
13 requirements of the department in regard to the form and content of
14 the written directions. The department shall also afford each
15 contributor the opportunity to give written directions in regard to
16 the allocation of medical benefits to and among some or all of the
17 contributor's surviving health benefit dependents following the
18 contributor's death as designated on a beneficiary form developed
19 by the retirement system. Upon death of the contributor and while
20 funds remain in the contributor's subaccount, the department shall
21 observe the written directions in allocating medical benefits among
22 the contributor's surviving health benefit dependents, while giving
23 the dependents or their legal representatives a reasonable
24 opportunity to select the type of medical benefits to be provided.
25 In the absence of valid written directions from the contributor in
26 regard to the allocation of medical benefits following the
27 contributor's death, the department shall allocate funds remaining

1 in the contributor's subaccount to provide medical benefits to the
2 contributor's surviving health benefit dependents, until all funds
3 have been expended.

4 (8) If there is a balance remaining in the subaccount of a
5 contributor or retired contributor following the deaths of the
6 contributor and all of the contributor's health benefit dependents,
7 then that balance shall be forfeited and distributed to the medical
8 benefit administrative account.

9 (9) As used in this section:

10 (a) "Contributor" means an eligible judge who has elected to
11 make contributions to the medical benefit account created under
12 this section.

13 (b) "Eligible judge" means a judge of the circuit court, the
14 district court, or the probate court.

15 (c) "Former member" means an individual who was a member and
16 who terminates employment upon which his or her membership is based
17 for any reason.

18 (d) "Retired contributor" means a contributor who becomes a
19 former qualified participant and attains the benefit commencement
20 age **AS DESCRIBED IN SECTION 702**, or who becomes a former member who
21 either attains age 60 or meets the membership requirements for a
22 retirement allowance under section 501(1).

23 (10) Contributions shall not be picked up by this state
24 pursuant to this section until the department receives notification
25 from the United States internal revenue service that such
26 contributions will not be included as gross income of the
27 contributor.

1 (11) This section does not apply until the department receives
2 notification from the United States internal revenue service that
3 the establishment of the medical benefit account under this section
4 does not cause the retirement system to be disqualified for tax
5 purposes.

6 (12) A JUDGE WHO IS ELIGIBLE TO ELECT TO MAKE CONTRIBUTIONS TO
7 A MEDICAL BENEFIT ACCOUNT CREATED UNDER THIS SECTION MAY INSTEAD
8 ELECT TO MAKE CONTRIBUTIONS TO A HEALTH REIMBURSEMENT ACCOUNT.

9 SEC. 214B. (1) ALL EMPLOYER CONTRIBUTIONS, MANDATORY
10 CONTRIBUTIONS, AND VOLUNTARY CONTRIBUTIONS SHALL BE CONTRIBUTED OR
11 CREDITED TO AN HRA MEMBER'S HEALTH REIMBURSEMENT ACCOUNT AS
12 PROVIDED IN THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT,
13 2010 PA 77, MCL 38.2731 TO 38.2747.

14 (2) THE RETIREMENT BOARD IS AUTHORIZED TO ESTABLISH AN
15 ADMINISTRATIVE AND INVESTMENT FEE STRUCTURE TO BE CHARGED AGAINST
16 THE HEALTH REIMBURSEMENT ACCOUNTS TO DEFRAY THE COSTS OF
17 ADMINISTERING THE HEALTH REIMBURSEMENT ACCOUNTS.

18 Sec. 217. (1) A court fee fund is created in the state
19 treasury. The state treasurer shall deposit into the court fee fund
20 all money received from the executive secretary pursuant to section
21 304(4). The state treasurer shall, if funds remain in the court fee
22 fund after the transfer described in subsection (3), transmit a
23 portion of the money in the court fee fund, not exceeding
24 \$2,200,000.00 in any fiscal year, to the court equity fund created
25 by section 151b of the revised judicature act, ~~of 1961, 1961 PA~~
26 ~~236,~~ MCL 600.151b. If the court fee fund exceeds \$2,200,000.00 in
27 any fiscal year and \$2,200,000.00 is transmitted to the court

1 equity fund, an amount may be appropriated from the court fee fund
2 for operational expenses of trial courts. Operational expenses may
3 include the payment of salaries of trial court judges other than
4 judges of the district court. Any money remaining in the court fee
5 fund at the end of the fiscal year shall remain in the court fee
6 fund and shall not revert to the general fund.

7 (2) Notwithstanding any other provision of this act, if the
8 retirement board establishes an arrangement and fund described in
9 section 6 of the public employee retirement benefit ~~preservation~~
10 **PROTECTION** act, 2002 PA 100, MCL 38.1686, the benefits that are
11 required to be paid from that fund shall, to the extent permitted
12 by applicable law, be paid from a portion of the money in the court
13 fee fund and any earnings on those amounts or other eligible funds.
14 The retirement board shall determine the amount of the employer
15 contributions or other eligible funds that shall be allocated to
16 that fund and deposit that amount in that fund.

17 (3) The state treasurer shall, if funds remain in the court
18 fee fund after the transfer described in subsection (2), transmit a
19 portion of the money in the court fee fund and any earnings on
20 those amounts to the ~~reserve for health benefits created by section~~
21 ~~214~~ **FUNDING ACCOUNT** to pay expected health care costs for the
22 subsequent fiscal year that are not covered as a result of employee
23 contributions under sections 305(1) and 714(6), and to pay, in an
24 amount not to exceed \$100,000.00 in each fiscal year, any health
25 care costs not paid from the reserve for health benefits since
26 fiscal year 1996-1997.

27 (4) This section applies unless the department receives

1 notification from the United States internal revenue service that
2 this section will cause the retirement system to be disqualified
3 for tax purposes under the internal revenue code.

4 Sec. 305. (1) Each member, upon taking office and so long as
5 he or she remains in office, shall make contributions to the
6 retirement system according to the applicable plan member
7 classification as follows:

8 (a) A plan 1 member or a plan 2 member shall contribute 5% of
9 the member's compensation. From this contribution, the retirement
10 system shall deposit an amount equal to 2.0% of the member's
11 compensation into the ~~reserve for health benefits for hospital and~~
12 ~~medical surgical and sick care benefits as provided in section 509~~
13 **FUNDING ACCOUNT.**

14 (b) A plan 3a member, a plan 3b member, or a plan 5 member
15 shall contribute 3.5% of the member's compensation.

16 (c) A plan 3c member, a plan 4 member, a plan 6 member, or a
17 plan 7 member shall contribute 7% of the member's compensation.
18 However, a plan 6 member shall not contribute more than \$980.00
19 annually.

20 (2) The retirement board shall determine the manner in which
21 member contributions are paid. Except as otherwise provided in this
22 section, the retirement system shall credit member contributions
23 when received to the reserve for member contributions.

24 (3) Upon written notice from the executive secretary to the
25 state court administrator, the state treasurer shall withhold
26 payment of the amount due from the salary standardization payment
27 payable to a county or district control unit for member

1 contributions that are not received by the retirement system within
2 60 days after the due date.

3 SEC. 309. (1) IF AN HRA MEMBER HAS AN AMOUNT OF SALARY REDUCED
4 FOR CONTRIBUTION TO A HEALTH REIMBURSEMENT ACCOUNT, THE DEDUCTION
5 TOGETHER WITH ANY OTHER CONTRIBUTIONS UNDER THIS SECTION SHALL
6 PROMPTLY BE CREDITED TO THAT HRA MEMBER'S HEALTH REIMBURSEMENT
7 ACCOUNT.

8 (2) BEGINNING ON THE HRA EFFECTIVE DATE, A MEMBER OR QUALIFIED
9 PARTICIPANT SHALL MAKE A MANDATORY CONTRIBUTION EQUAL TO 2% OF THE
10 MEMBER'S OR QUALIFIED PARTICIPANT'S COMPENSATION TO HIS OR HER
11 HEALTH REIMBURSEMENT ACCOUNT. THIS SUBSECTION DOES NOT APPLY TO A
12 MEMBER OR QUALIFIED PARTICIPANT WHO FIRST BECOMES A MEMBER OR
13 QUALIFIED PARTICIPANT BEFORE THE EFFECTIVE DATE OF THIS SECTION AND
14 WHO IS COVERED BY A LOCAL HEALTH BENEFIT PLAN FOR RETIREES.

15 (3) AN HRA MEMBER MAY ALSO MAKE VOLUNTARY CONTRIBUTIONS TO THE
16 HEALTH REIMBURSEMENT ACCOUNT IN THE MANNER PRESCRIBED IN SECTION 10
17 OF THE PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA
18 77, MCL 38.2740.

19 (4) THE EMPLOYER OF AN HRA MEMBER MAY CONTRIBUTE AN ADDITIONAL
20 AMOUNT TO THE HRA MEMBER'S HEALTH REIMBURSEMENT ACCOUNT AS
21 DETERMINED BY THE EMPLOYER.

22 (5) THIS SECTION DOES NOT APPLY TO PLAN 1 MEMBERS OR PLAN 2
23 MEMBERS.

24 SEC. 310. EXCEPT FOR MEDICAL EXPENSE TO BE REIMBURSED FROM
25 AMOUNTS WITHIN A HEALTH REIMBURSEMENT ACCOUNT, THE AMENDATORY ACT
26 THAT ADDED THIS SECTION DOES NOT DEFINE OR OTHERWISE GRANT ANY
27 RIGHT OR PRIVILEGE TO HEALTH CARE BENEFITS OR OTHER POSTEMPLOYMENT

1 BENEFITS TO ANY PERSON OTHER THAN THOSE HEALTH CARE BENEFITS OR
2 OTHER POSTEMPLOYMENT BENEFITS, RIGHTS, OR PRIVILEGES PREVIOUSLY OR
3 ALREADY GRANTED TO MEMBERS AND QUALIFIED PARTICIPANTS AND THEIR
4 DEPENDENTS BY THIS ACT. THE AMENDATORY ACT THAT ADDED THIS SECTION
5 DOES NOT ASSURE OR DENY TO ANY EXISTING OR FUTURE EMPLOYEE, HRA
6 MEMBER, ANY OF THEIR HEALTH REIMBURSEMENT ACCOUNT DEPENDENTS, OR
7 ANY OTHER PERSON ANY RIGHT OF ENTITLEMENT TO ANY HEALTH CARE
8 BENEFIT OR OTHER POSTEMPLOYMENT BENEFIT OR LIMIT OR OTHERWISE
9 RESTRICT THE ABILITY OF THIS STATE OR ANY EMPLOYER TO MODIFY OR
10 ELIMINATE ANY EXISTING OR FUTURE HEALTH CARE BENEFIT OR OTHER
11 POSTEMPLOYMENT BENEFIT.

12 Sec. 714. (1) This section is subject to the vesting
13 requirements of section 715.

14 (2) A qualified participant's employer shall contribute to the
15 qualified participant's account in Tier 2 an amount equal to 4% of
16 the qualified participant's salary.

17 (3) A qualified participant may periodically elect to
18 contribute up to 3% of his or her salary to his or her Tier 2
19 account. The qualified participant's employer shall make an
20 additional contribution to the qualified participant's Tier 2
21 account in an amount equal to the contribution made by the
22 qualified participant under this subsection.

23 (4) A qualified participant may make contributions in addition
24 to contributions made under subsection (3) to his or her Tier 2
25 account as permitted by the state treasurer and the internal
26 revenue code. The qualified participant's employer shall not match
27 contributions made by the qualified participant under this

1 subsection.

2 (5) A qualified participant who makes a written election under
3 section 701a may elect to contribute up to 6% of his or her salary
4 to his or her Tier 2 account. In lieu of employer contributions
5 under subsection (3), the qualified participant's employer shall
6 make an additional contribution to the qualified participant's Tier
7 2 account in an amount equal to the contribution made by the
8 qualified participant under this subsection. This subsection
9 applies for a period as determined by the department that equals
10 the time in which a Tier 1 member was not able to make
11 contributions to the Tier 2 plan because of the temporary
12 restraining order issued in the case of Michigan judges assn v
13 Treasurer of the State of Michigan, case no. 98-DT-72771-CV (Ed
14 Mi).

15 (6) Beginning January 1, 2002 **AND ENDING ON THE DAY BEFORE THE**
16 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309**, each
17 qualified participant who is a plan 1 member or a plan 2 member,
18 upon taking office and so long as he or she remains in office,
19 shall contribute 2.0% of the qualified participant's compensation
20 to the retirement system. ~~The~~ **UNTIL THE DAY BEFORE THE EFFECTIVE**
21 **DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309, THE** retirement
22 system shall deposit the contribution under this subsection into
23 the reserve for health benefits for hospital and medical-surgical
24 and sick care benefits as provided in section 719. **BEGINNING ON THE**
25 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SECTION 309, EACH**
26 **QUALIFIED PARTICIPANT WHO IS A PLAN 1 MEMBER OR PLAN 2 MEMBER, UPON**
27 **TAKING OFFICE AND SO LONG AS HE OR SHE REMAINS IN OFFICE, SHALL**

1 CONTRIBUTE 2.0% OF THE QUALIFIED PARTICIPANT'S COMPENSATION TO THE
2 FUNDING ACCOUNT.