

THE HOME RULE CITY ACT (EXCERPT)
Act 279 of 1909

117.4p City with population more than 600,000 or discharge of \$1,000,000,000.00 in pension liabilities; defined benefit plan; retirement benefits for employees hired after July 1, 2023; health care insurance benefits; certification of compliance; definitions.

Sec. 4p. (1) Subject to section 4u, for a city with a population of more than 600,000 or that has discharged \$1,000,000,000.00 of pension liabilities in bankruptcy, or both, that provides a defined benefit plan as part of a system of compensation under section 4i, all of the following apply:

(a) Except as otherwise provided in a plan for adjustment, the calculation of a pension benefit under the defined benefit plan must only include base pay. This subdivision does not apply to years of service accrued before January 1, 2015.

(b) Except as otherwise provided in a plan for adjustment, the annual pension benefit must not include an additional payment based solely on the rate of investment return earned on the retirement system's assets. This subdivision does not prohibit the fulfillment of rights and benefits earned under a retirement system agreed to in a plan for adjustment. As used in this subdivision, a "retirement system" means a public employee retirement system established by a city described in this subsection.

(2) Subject to section 4u and except as otherwise provided in a plan for adjustment, for a city with a population of more than 600,000 or that has discharged \$1,000,000,000.00 of pension liabilities in bankruptcy, or both, that provides retirement benefits for employees first hired after July 1, 2023 as part of a system of compensation under section 4i, either of the following applies for the employees first hired after July 1, 2023:

(a) The city may offer retirement plans so long as the city does not contribute more than 7% of the employee's base pay to an appropriate retirement account.

(b) The city may offer the same retirement plan as provided in a plan for adjustment.

(3) Subject to section 4u, for a city with a population of more than 600,000 or that has discharged \$1,000,000,000.00 of pension liabilities in bankruptcy, or both, that provides retirement health care insurance benefits for new employees after July 1, 2023 as part of a system of compensation under section 4i, the city shall not contribute more than 2% of the employee's base pay or the percentage a qualified participant's employer contributes on behalf of a qualified participant under section 68b(1) of the state employees' retirement act, 1943 PA 240, MCL 38.68b, whichever percentage is greater, to an appropriate tax-deferred account.

(4) Not later than January 1, 2024, and each January 1 after 2024, for a city with a population of more than 600,000 or that has discharged \$1,000,000,000.00 of pension liabilities in bankruptcy, or both, that provides retirement benefits as part of a system of compensation under section 4i, the city or a retirement system established by the city, as applicable, shall submit a certification of its compliance with this section to the financial review commission created under the Michigan financial review commission act, 2014 PA 181, 141.1631 to 141.1643.

(5) As used in this section:

(a) "Base pay" means the remuneration paid an employee on account of the employee's services rendered to a city described in this section. Base pay does not include any of the following:

(i) Payment for overtime services.

(ii) Remuneration paid in lieu of accumulated sick leave.

(iii) Remuneration received as a bonus.

(iv) Payment for accrued vacation pay.

(v) One-time lump-sum payments.

(vi) The cost of fringe benefits, including, but not limited to, a medical benefit plan.

(b) "Medical benefit plan" means that term as defined in section 2 of the publicly funded health insurance contribution act, 2011 PA 152, MCL 15.562.

(c) "Member" means a member of a defined benefit plan established by a city described in subsection (1).

(d) "Plan for adjustment" means a plan for the adjustment of debts entered and approved by a federal bankruptcy court.

(e) "Retirement health care insurance benefit" means hospitalization and medical insurance, dental coverage, vision coverage, and any other health care insurance provided for a retirant or dependent of a retirant under a system of compensation that includes retirement benefits established under section 4i.

History: Add. 2014, Act 183, Imd. Eff. June 20, 2014;—Am. 2017, Act 214, Imd. Eff. Dec. 20, 2017.