

**PUBLIC EMPLOYEE RETIREMENT BENEFIT PROTECTION ACT (EXCERPT)**  
**Act 100 of 2002**

**38.1686 Benefit payments; establishment of arrangement and fund.**

Sec. 6. (1) A retirement system may elect by a majority vote of its governing body to establish and administer an arrangement and fund to pay accrued benefits of its members to its members to the extent that the accrued benefits paid out of the fund would not otherwise be payable under limitations in section 415 of the internal revenue code. An arrangement and fund established under this section shall be kept separate from the pension assets of participating units.

(2) If an arrangement and fund is established by a retirement system under subsection (1), the arrangement and fund shall be established and administered in accordance with section 415(m) of the internal revenue code. The governing board of the participating unit or the department on behalf of a state unit may establish and adopt policies and procedures for the arrangement and fund.

(3) If an arrangement and fund is established under subsection (1), the benefits that are paid from the fund shall be paid out of employer contributions or other eligible assets. The governing board shall determine the amount of the employer contribution that shall be allocated to the arrangement and fund. Employer contributions and other eligible assets that are contributed to the arrangement and fund shall be deposited in the arrangement and fund before deposits are made to the pension system of the participating unit.

(4) Nothing in this section is intended to limit the amount of employer contributions that are contributed to a retirement fund of a participating unit for the accrued benefits that are allowed to be paid under section 415 of the internal revenue code.

**History:** 2002, Act 100, Imd. Eff. Mar. 27, 2002.