

CENTRAL MICHIGAN UNIVERSITY CHAPTER 3
MANUAL OF BOARD OF TRUSTEES
POLICIES, PRACTICES AND REGULATIONS PAGE 3-15

SUBJECT: MPSERS EARLY RETIREMENT OPTION

WHEREAS the Central Michigan University employees are covered for retirement pension purposes under the Michigan Public School Employees Retirement System Retirement Act being Act 300 of the Public Acts of 1980 as amended and

WHEREAS the Michigan Public School Employees Retirement System Act was recently amended by Act 91 of the Public Acts of 1985, to provide for tax deferment of a Michigan Public School Employees Retirement System member's contributions picked up as provided under Section 414(h) (2) of the United States Internal Revenue Code and

WHEREAS the Central Michigan University employees who are members of the Michigan Public School Employees Retirement System desire to become covered under the tax deferment provisions as amended and the United States Internal Revenue Code.

Central Michigan University Board of Trustees hereby elects to pick up Michigan Public School Employees Retirement System members' contributions as provided by the Internal Revenue Code, and that contributions picked up shall be remitted directly by the Central Michigan University to the Michigan Public School Employees Retirement System. Further contributions remitted are designated as employer contributions for purposes of the Retirement System which are being paid by the Central Michigan University in lieu of the employee contribution requirements and the employees will not be given the option to receive the contributed amounts directly instead of having them paid to the pension plan.

A copy of this resolution shall be filed with the Michigan Public School Employees Retirement System and the Central Michigan University Payroll Officer for purposes of implementing this action.

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RECITALS:

1. Internal Revenue Code (IRC) Section 414(h)(2) permits employer “pick-up” of the employee portion of contributions to a retirement plan, thereby resulting in tax deferral of employee contributions.
2. Under the Michigan Public School Employees Retirement System (MPSERS), members who have elected to participate in the Member Investment Plan (MIP) pursuant to special, one-time irrevocable elections under either MCLA Section 38.1343a(3) or Section 38.1343d, in addition to making the standard MIP contribution of 3.9% of current wages (which the undersigned Reporting Unit had previously resolved to “pick-up”), are required to contribute additional “buy-back” amounts calculated by MPSERS and relating to service prior to their election date (plus interest etc.)

In order to permit tax deferral for these additional “buy-back” amounts, an employee shall enter into a binding irrevocable payroll deduction authorization and such employee shall not have the option of choosing to receive the amounts directly instead of having them paid by the employer to MPSERS.

Additional “buy-back” amounts herein specified, through payroll deduction from salary, are designated as being picked up by the employer and paid by the employer in accordance with MPSERS retirement plan requirements.

This resolution shall have an effective date of September 20, 1999, unless MPSERS advises that a later effective date shall apply.