



MICHIGAN OFFICE OF RETIREMENT SERVICES

Big Plans. Small Steps.

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Redeposit, TDP, and MIP Buy-Back Payroll Resolution

For Reporting Units of the Michigan Public School Employees Retirement System

REPORTING UNIT NAME	RU NUMBER	RU PHONE NUMBER
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Section I – REDEPOSIT PAYROLL RESOLUTION

WHEREAS 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: and

WHEREAS under the Michigan Public School Employees Retirement System plan conditions, members may be allowed to: (1) redeposit contributions previously withdrawn plus interest, and when full repayment is made before termination of employment, the previously forfeited service is reinstated in full; and/or (2) purchase permissive service credit.

NOW THEREFORE BE IT RESOLVED that in order to permit tax deferral for these additional 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 the Michigan Public School Employees Retirement System.

BE IT FURTHER RESOLVED that additional 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 the Michigan Public School Employees Retirement System retirement plan requirements.

Section II – MEMBER INVESTMENT PLAN (MIP) “BUY-BACK” PAYROLL RESOLUTION

WHEREAS 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: and

WHEREAS under the Michigan Public School Employees Retirement System, members who have elected to participate in the Member Investment Plan (MIP) pursuant to special, one-time irrevocable elections under either M.C.L.A. 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 has previously resolved to “pick-up”), are required to contribute additional “buy-back” amounts calculated by the Michigan Public School Employees Retirement System and relating to service prior to their election date (plus interest etc.).

NOW THEREFORE BE IT RESOLVED that 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 the Michigan Public School Employees Retirement System.

BE IT FURTHER RESOLVED that 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 the Michigan Public School Employees Retirement System retirement plan requirements.

These resolutions shall be effective immediately upon approval by the governing body.

BOARD SECRETARY NAME	DATE BOARD APPROVED
BOARD SECRETARY SIGNATURE	SIGNATURE DATE



Instructions

Resolution

Before employees can participate in the TDP program, your reporting unit must have submitted this resolution to ORS for approval. Your Board of Education, Board of Trustees, or other governing body must have passed this resolution. The resolution indicates agreement to participate in the program. A copy of the Board minutes reflecting passage of this *Redeposit and MIP Buy-Back Payroll Resolution* must have been submitted to ORS for approval.

If you have any questions regarding this resolution, please contact ORS Employer Reporting at (800) 381-5111 or

[ORS Web Reporting@michigan.gov](mailto:ORS_Web_Reporting@michigan.gov).

Mail:

Office of Retirement Services

P.O. Box 30171
Lansing, MI 48909-7671

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517-284-4416

ATTN: Employer Reporting

What is the Tax-Deferred Payment Plan?

The Tax-Deferred Payment (TDP) plan is a voluntary program that allows members of this retirement system, who first worked for a public school before July 1, 2010, to purchase additional service credit or repay refunds on a tax-deferred payroll-deduction basis. Reporting units were able to choose to participate any time following the program implementation of July 1, 1998.

Please note that employees who first worked for a public school on or after July 1, 2010, are members of the Pension Plus plan and are not eligible to purchase service credit.

NOTE: All TDP agreements that were initiated on January 1, 2004 and later are subject to eight (8) percent annual interest on the unpaid balance. For more information see the *Reporting Instruction Manual, Section 7.7, TDP Annual Interest*.

ORS received a private letter ruling from the Internal Revenue Service that considers these deductions as employer payments. The payments are tax-deferred as long as the deductions are withheld and sent to the retirement system before the employee receives them (Section 414(h) (2) of the Internal Revenue Code). Therefore, it is important that the deductions from the employee's pay are made in the correct sequence. See the *Reporting Instruction Manual, Chapter 7, Tax-Deferred Payment Plan* for more information.

