



Member Contribution, TDP, and Redeposit Resolution

For Reporting Units of the Michigan Public School Employees Retirement System

REPORTING UNIT NAME	RU NUMBER	RU PHONE NUMBER

Section I – Member Contribution Resolution

Moved by _____, supported by _____, that the following resolution be adopted:

WHEREAS the _____ (RU name) 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 amended by Act 91 of the Public Acts of 1985, to provide for tax deferral 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 _____ (RU name) employees who are members of the Michigan Public School Employees Retirement System are covered under the tax deferral provisions as amended and the United States Internal Revenue Code,

NOW THEREFORE BE IT RESOLVED that the _____ (RU name) Board 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 _____ (RU name) 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 _____ (RU name) in lieu of the employee contribution requirements and the employee will not be given the option to receive the contributed amounts directly instead of having them paid to the pension plan,

BE IT FURTHER RESOLVED that a copy of this resolution be filed with the Michigan Public School Employees Retirement System and the _____ (RU name) Payroll Officer for purposes of implementing this action.

Section II – TDP and Redeposit 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School Employees Retirement System plan conditions, members may be allowed to: (1) redeposit contributions previously withdrawn plus interest, and when full repayment is made before termination of employment, the previously forfeited service is reinstated in full; and/or (2) purchase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: and WHEREAS under the Michigan Public School Employees Retirement System plan conditions, under special circumstances where members may be allowed to rectify retirement contributions and interest before termination that are calculated by the Michigan Public School Employees Retirement System.

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



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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.

BOARD SECRETARY NAME	DATE BOARD APPROVED
BOARD SECRETARY SIGNATURE	SIGNATURE DATE

Please fax the completed form to ORS at 517-284-4416.



Instructions

To comply with the Internal Revenue Service (IRS) regulations and before employees can participate in the TDP program, your reporting unit's Board of Education, Board of Trustees, or other governing body must pass the resolution.

After the resolution is passed, it must be submitted to the Office of Retirement Services (ORS) along with board minutes at the address provided for ORS approval. If your reporting unit previously passed the resolution, send a copy of that resolution with corresponding board minutes to ORS.

If you have any questions, 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

Fax:
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, [10.06: Updating payments due to 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, [10.02.04 Proper sequence of TDP and other deductions](#).