

**STATE EMPLOYEES' RETIREMENT ACT (EXCERPT)**  
**Act 240 of 1943**

**38.63a Tier 2 and tax-deferred accounts; terms and conditions.**

Sec. 63a.

Tier 2 and tax-deferred accounts are subject to the following terms and conditions:

(a) On or before April 1, 2012, the retirement system shall design an automatic enrollment feature that provides that unless a qualified participant who makes contributions under section 63(3) or who is described in section 68b(2) elects to contribute a lesser amount, the qualified participant shall contribute the amount required to qualify for all eligible matching contributions under this act. The retirement system shall implement this automatic enrollment feature on or after April 1, 2012, as determined by the retirement system.

(b) In addition to elective employee contributions to Tier 2 or a tax-deferred account, the state may use elective employee contributions to the state 457 deferred compensation plan as a basis for making employer matching contributions to Tier 2 or a tax-deferred account.

(c) Employer matching contributions do not have to be made to the same plan or account to which the elective employee contributions were contributed as the basis for the matching contributions.

(d) Elective employee contributions shall not be used as the basis for more than an equivalent amount of employer matching contributions.

(e) The retirement system shall design and implement a method to determine the proper allocation of employer matching contributions based on elective employee contributions as provided in this section.

**History:** Add. 2011, Act 264, Imd. Eff. Dec. 15, 2011

**Compiler's Notes:** Enacting section 1 of Act 264 of 2011 provides: "Enacting section 1. If the office of retirement services in the department of technology, management, and budget receives notification from the United States internal revenue service that any section or any portion of a section of this amendatory act will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply."