



■ State Statutes that Specifically Allow for Employer Withdrawal from Public Retirement System

Author: Steve Jurmu

The following states have statutes allowing for some type of employer withdrawal/termination from public retirement systems: Alaska, Arizona, California, Colorado, Connecticut, Idaho, Indiana, Kentucky, Maryland, Michigan, Tennessee, and Utah.

Alaska

Alaska Stat. 39.35.001 to 995. Public Employees' Retirement System of Alaska.

Alaska Stat. 39.35.958. Termination of participation in the plan. This section allows a political subdivision or public organization to request that its participation in the plan be terminated. This section as well as Alaska Stat. 39.35.610 to 640 are provided below.

Sec. 39.35.958. Termination of participation in the plan.

(a) A political subdivision or public organization may request that its participation in the plan be terminated. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the administrator.

(b) If contributions are not transmitted to the plan within the prescribed time limit, the administrator may grant an extension and shall assess interest on the outstanding contributions at the rate established under AS 39.35.610. If the political subdivision or public organization is in default at the end of the extension, participation in the plan is terminated, and the political subdivision or public organization shall be sent notice of termination.

(c) When an employer's participation in the plan is terminated, or when an employer terminates coverage of a department, group, or other classification of employees under AS 39.35.957(c), the administrator shall assess the employer a termination cost that the administrator determines is actuarially required to fully fund the costs to the plan for employees whose coverage is terminated, including the cost of providing the employer's share of retiree health benefits under AS 39.35.880, occupational disability and occupational death benefits under AS 39.35.890 and 39.35.892, and pension benefits elected under AS 39.35.890(h)(2).

(d) An employee whose coverage under the plan is terminated as a result of termination of an employer's participation under this section or amendment of the employer's agreement under AS 39.35.957(c) shall be considered fully vested in employer contributions under AS 39.35.790(b) and in the individual account established for the employee under AS 39.30.730. If the employee is later employed with a participating employer, the employee's membership service earned under the plan during employment with a terminated employer shall be credited for purposes of determining vesting in employer contributions under AS 39.35.790(b) and eligibility for medical benefits under this chapter and AS 39.30.300 - 39.30.495.

(e) An employer terminating participation in the plan shall pay termination costs determined by the administrator, or enter into a payment plan acceptable to the administrator, within 60 days after the



employer receives notice of its termination costs from the administrator. Termination costs not paid within the prescribed time limit or in accordance with the approved payment plan shall be collected by the administrator in accordance with AS 39.35.610(b). Termination of participation by an employer in the plan does not bar future participation by the employer if the employer has paid in full its prior termination costs.

(f) A political subdivision or public organization considering or requesting termination from the plan shall pay the cost associated with obtaining a termination cost study associated with the employer's termination.

Sec. 39.35.610. Transmittal of contributions to administrator; claims against funds of an employer.

(a) The contributions of an employer and the contributions of its employees shall be transmitted to the administrator as soon as practicable after the close of the payroll period for which the contributions are made. If an employer is delinquent in transferring the contributions for more than 15 days, interest shall be assessed on the outstanding contributions at one and one-half times the most recent actuarially determined rate of earnings for the retirement plan from the date that the contributions were originally due.

(b) If contributions are not submitted within the prescribed time limit, the amount of contributions and interest due may be claimed by the administrator from any agency of the state or political subdivision that has in its possession funds of the employer or that is authorized to disburse funds to the employer that are not restricted by statute or appropriation to a specific purpose. The amount claimed shall be certified by the administrator as sufficient to pay the contributions and interest due from the employer. The agency shall submit the amount claimed, or the amount of funds of the employer subject to the administrator's claim that are in the agency's possession, whichever is less, to the administrator for deposit in the retirement fund and the Alaska retiree health care trust.

Sec. 39.35.615. Effect of termination by amendment of agreement.

(a) A political subdivision or public organization may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the administrator. An employer may not award past service to employees added to its participation agreement. When an employer requests to amend its participation agreement to add an elected official, the plan may cover that elected official only if the employer pays compensation to the elected official, for services as an elected official, in the amount of at least \$2,001 a month. If a political subdivision or public organization amends its participation agreement so as to terminate coverage of a department, group, or other classification of employees, each employee whose coverage is so terminated, regardless of the employee's employment status at the date of termination, shall be considered fully vested in actuarially adjusted accrued retirement benefits as of the date of termination, unless

(1) the employee's contributions have been refunded; or

(2) the political subdivision or public organization amended its participation agreement to exclude coverage for the affected department, group, or other classification of employees at the written request of a majority of the employees employed in that department, group, or other classification at the time the request was made.



(b) Each employee whose coverage is terminated must, within 60 days after the date of termination, inform the administrator, in writing, whether the employee wishes to obtain a refund or a vested benefit.

(c) Each employee who elects to obtain a refund shall receive a refund of the balance of the employee contribution account. The vesting in accrued benefits for each employee who elects to obtain a refund is voided upon receipt of the refund, and the corresponding credited service may not be reinstated under AS 39.35.095 - 39.35.680. A partial refund may not be allowed under this section.

(d) [Repealed, Sec. 116(a) ch 20 SLA 2007].

(e) [Repealed, Sec. 24 ch 13 SLA 2008].

(f) [Repealed, Sec. 116(a) ch 20 SLA 2007].

(g) [Repealed, Sec. 24 ch 13 SLA 2008].

(h) [Repealed, Sec. 24 ch 13 SLA 2008].

(i) Termination of coverage of a department, group, or other classification of employees does not bar future coverage of that department, group, or classification if the employer is current with payments on amounts due under AS 39.35.625. If coverage of a department, group, or classification is terminated under (a) of this section and the employer later amends its participation agreement to provide renewed coverage of that department, group, or classification, an affected employee may be credited only with future service.

Sec. 39.35.620. Termination of participation.

(a) If the contributions are not transmitted to the commissioner of administration within the prescribed time limit, the commissioner may grant an extension. If the political subdivision or public organization is in default at the end of the extension, participation in the plan is terminated, and it shall be sent notice of termination.

(b) All employees of the terminating employer whose contributions have not been refunded, regardless of their employment status at the date of termination, shall be considered fully vested in their adjusted accrued retirement benefits as of the date of termination of the employer.

(c) [Repealed, Sec. 116(a) ch 20 SLA 2007].

(d) Each employee of a terminating employer must, within 60 days of the employer's termination of participation, inform the administrator, in writing, whether the employee wishes to obtain a refund or a vested benefit.

(e) Each employee who elects to obtain a refund shall receive a refund of the balance, determined as of the date of the employer's termination of participation, of the employee contribution account. The vesting in accrued benefits for each employee who elects to receive a refund is voided upon receipt of the refund and corresponding credited service may not be reinstated under AS 39.35.095 - 39.35.680. A partial refund may not be allowed under this section.

(f) [Repealed, Sec. 116(a) ch 20 SLA 2007].

(g) [Repealed, Sec. 24 ch 13 SLA 2008].

(h) [Repealed, Sec. 116(a) ch 20 SLA 2007].

(i) [Repealed, Sec. 24 ch 13 SLA 2008].

(j) [Repealed, Sec. 24 ch 13 SLA 2008].

(k) Termination of an employer's participation in the plan does not bar future participation in the system by that employer if the employer is current with payments on amounts due under AS 39.35.625. If a previously terminated employer returns to the system, the employer may only participate in the plan established under AS 39.35.700 - 39.35.990. Employees may be credited under AS 39.35.700 - 39.35.990 only with service subsequent to the date of return.



Sec. 39.35.625. Termination costs.

(a) Notwithstanding AS 39.35.255, an employer that terminates participation of a department, group, or other classification of employees in the plan under AS 39.35.615 or that terminates participation in the plan under AS 39.35.620 shall pay to the plan each payroll period until the past service liability of the plan is extinguished an amount calculated by applying the current past service contribution rate adopted by the board to the greater of total base salaries paid

- (1) during the payroll period to employees in positions for which coverage has been terminated;
- (2) at the time of termination to employees in positions for which coverage has been terminated; or
- (3) during the corresponding payroll period for the fiscal year ending June 30, 2008, to employees in positions for which coverage has been terminated.

(b) Notwithstanding (a) of this section, the administrator may enter into a payment plan acceptable to the administrator for payment of an employer's liability for termination costs. Termination costs not paid as prescribed by (a) of this section or in accordance with an approved payment plan may be collected by the administrator in accordance with AS 39.35.610(b).

(c) An employer requesting termination of all participation in the plan, termination of participation in the plan of a department, group, or other classification of employees, or a payment plan for payment of termination costs shall pay the cost associated with obtaining a termination cost study associated with the employer's termination.

Sec. 39.35.630. Distribution.

A distribution made as a result of termination of participation by an employer may, to the extent that no discrimination in value results, be paid in cash or in annuity contracts, in the discretion of the board.

Sec. 39.35.640. Conclusiveness of action taken upon termination.

In making a distribution, the determinations, divisions, appraisals, apportionments, and allotments made are final and conclusive and not subject to question.

Retirement System website: <http://doa.alaska.gov/drb/>
<http://doa.alaska.gov/drb/pers/index.html>

Arizona

Ariz. Rev. Stat. 38-711 to 794. Arizona State Retirement System.

Ariz. Rev. Stat. 38-751:

38-751. Nonparticipatory employer liability allocation; definitions

A. ASRS shall allocate a liability to an employer that is no longer participating in ASRS if that nonparticipation is based on any of the following:

- 1. The character of the employer changes from a public entity to a private entity.
- 2. An employer, other than this state or a charter school, files for bankruptcy or otherwise dissolves.
- 3. An employer is no longer participating.
- 4. For this state, the character of a state agency, board or commission changes from public to private.

B. ASRS shall determine the schedule and method of payment of the allocated liability.

C. The liability allocated to an employer under this section is equal to the sum of the following:



1. The plan employer actuarial accrued liability multiplied by the plan total deficit percentage.
2. The LTD program employer actuarial accrued liability multiplied by the LTD program total deficit percentage.
- D. This section does not permit an employer to alter the irrevocable agreement approved by the board under section 38-729.
- E. For the purposes of this section:
 1. "LTD program" means the program established by article 2.1 of this chapter.
 2. "LTD program employer actuarial accrued liability" means the value of all of the employer's open LTD program claims as of the nonparticipation date plus the value of any LTD program claims that employees of the employer file within twenty-four months after the nonparticipation date and that are approved by ASRS.
 3. "LTD program total deficit percentage" means the total LTD program actuarial accrued liabilities minus the total market value of LTD program assets divided by the total LTD program actuarial accrued liabilities, as of the actuarial valuation performed immediately preceding the nonparticipation date. If the percentage is less than zero, the LTD program total deficit percentage is zero.
 4. "Nonparticipation date" means the date on which the employer is no longer participating in ASRS.
 5. "Plan" means the retirement plan established by this article.
 6. "Plan employer actuarial accrued liability" means the plan's actuarial accrued liability for all benefits provided under this article, including benefits established in section 38-783, for the employer's active, inactive or retired members as of the actuarial valuation performed immediately preceding the nonparticipation date.
 7. "Plan total deficit percentage" means the plan's actuarial accrued liability for all benefits provided under this article, including benefits established in section 38-783, for all active, inactive or retired members minus the market value of total plan assets divided by the plan's actuarial accrued liability for all benefits provided under this article, including benefits established in section 38-783, for all active, inactive or retired members as of the actuarial valuation performed immediately preceding the nonparticipation date. If the percentage is less than zero, the plan total deficit percentage is zero.

Retirement System website: <https://www.azasrs.gov/>

California

Cal. Gov't Code §§ 20570-20593, Termination of Contracts:

Section 20570. (a) If the contract has been in effect for at least five years and was approved by an ordinance or resolution adopted by the governing body of the contracting agency, the governing body may terminate it by the adoption of a resolution giving notice of intention to terminate, and by the adoption, not less than one year thereafter by the affirmative vote of two-thirds of the members of the governing body, of an ordinance or resolution terminating the contract. Termination shall be effective with board approval on the date designated in the ordinance or resolution terminating the contract.

(b) If the contract is a joint contract and the joint contract has been in effect for at least five years, the contract may be terminated by the adoption of trial court and county resolutions giving notice of intention to terminate, and by the adoption, not less than one year thereafter by the affirmative vote of two-thirds of the members of the governing body of the county, and by the presiding officer of the trial court, of an ordinance or resolution terminating the contract. Termination shall be effective with board approval on the date designated in the ordinance terminating the contract.



Section 20571. If the contract has been in effect for at least five years and was approved by an ordinance adopted by a majority vote of the electorate, termination by the contracting agency may be effected not less than one year after authority has been granted by ordinance adopted by a majority vote of the electorate of the contracting agency voting thereon. Termination shall be effective with board approval on the date designated in the ordinance or resolution terminating the contract.

Section 20571.5. Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency for the termination of a portion of the contract with respect to a member classification with no active employees. The terms of the agreement shall be reflected in an amendment to the agency's contract with the board. The board may require that the portion of the contract being terminated be in effect for at least five years. Upon the termination of a portion of a contract, the board shall do the following:

(a) Hold for the benefit of the members of this system who are credited with service rendered as employees of the contracting agency, and for the benefit of beneficiaries of this system who are entitled to receive benefits on account of that service, the portion of the accumulated contributions then held by this system and credited to, or as having been made by, the agency. This portion of the accumulated contributions shall not exceed the difference between the following:

(1) An amount actuarially equivalent, including contingencies for mortality fluctuations, as determined by the actuary and approved by the board, to the amount this system is obligated to pay after the effective date of termination to, or on account of, persons who are or have been employed by, and on account of service rendered by them to, the agency.

(2) The contributions, with credited interest thereon, then held by this system as having been made by those persons as employees of the agency.

(b) Merge all plan assets and liabilities into the terminated agency pool to provide exclusively for the payment of benefits to members of these plans.

(1) If the sum of the accumulated contributions is less than the actuarial equivalent specified in paragraph (1) of subdivision (a), the agency shall contribute to the system, under the terms fixed by the board, an amount equal to the difference between the amount specified in paragraph (1) of subdivision (a) and the accumulated contributions.

(2) If the sum of accumulated contributions exceeds the amount specified in paragraph (1) of subdivision (a), the excess contributions shall be merged into the active plan or plans of the contracting agency, as determined by the chief actuary.

(c) Enter into an agreement with the governing body of a contracting agency terminating a portion of a contract in order to ensure both of the following:

(1) The final compensation used in the calculation of benefits of its employees is calculated in the same manner as the benefits of employees of agencies that are not terminating, regardless of whether the employees of the terminating agency retire directly from employment with the contracting agency terminating a portion of a contract or continue in other public service.

(2) Related necessary adjustments in the employer's contribution rate are made, from time to time, by the board prior to the date of termination to ensure adequate funding of benefits or the governing body of the contracting agency terminating a portion of a contract and the board agree to another actuarially sound payment technique, including a lump-sum payment at termination.

Section 20572. (a) If a contracting agency fails for 30 days after demand by the board to pay any installment of contributions required by its contract, or fails for three months after demand by the board therefor to file any information required in the administration of this system with respect to that



agency's employees, or if the board determines that the agency is no longer in existence, the board may terminate that contract by resolution adopted by a majority vote of its members effective 60 days after notice of its adoption has been mailed by registered mail to the governing body of the contracting agency.

(b) In addition to the interest obligations set forth in Section 20537, if a contracting agency fails to pay in full any installment of the contributions when due and the failure continues for a period of three months, the contracting agency may be assessed a penalty of 10 percent of the total amount due and unpaid, including any accrued and unpaid interest. The penalty may be assessed once during each 30-day period that the outstanding amount remains unpaid. In addition, the contracting agency may be assessed the costs of collection, including reasonable legal fees and litigation costs, including, without limitation, legal fees and legal costs incurred in bankruptcy, when necessary to collect any amounts due.

Section 20573. Notwithstanding any other provision of law, the board may negotiate with the governing board of the terminating agency, or the governing board of any agency or agencies which may be assuming any portion of the liabilities of the terminating agency as to the effective date of termination and the terms and conditions of the termination and of the payment of unfunded liabilities.

For purposes of payment of unfunded actuarial liabilities this section shall also apply to inactive contracting agencies, or an inactive member category as determined by the board.

Section 20574. A terminated agency shall be liable to the system for any deficit in funding for earned benefits, as determined pursuant to Section 20577, interest at the actuarial rate from the date of termination to the date the agency pays the system, and for reasonable and necessary costs of collection, including attorney's fees. The board shall have a lien on the assets of a terminated contracting agency, subject only to a prior lien for wages, in an amount equal to the actuarially determined deficit in funding for earned benefits of the employee members of the agency, interest, and collection costs. The assets shall also be available to pay actual costs, including attorneys' fees, necessarily expended for collection of the lien.

Section 20575. Notwithstanding any other provision of this part to the contrary, upon request of a terminating agency, the board shall enter into an agreement with the governing body of a terminating agency in order to ensure that (a) the final compensation used in the calculation of benefits of its employees shall be calculated in the same manner as the benefits of employees of agencies that are not terminating, regardless of whether they retire directly from employment with the terminating agency or continue in other public service; and (b) related necessary adjustments in the employer's contribution rate are made, from time to time, by the board prior to the date of termination to ensure that benefits are adequately funded or any other actuarially sound payment technique, including a lump-sum payment at termination, is agreed to by the governing body of the terminating agency and the board. The terminating agency that will cease to exist shall notify the board not sooner than three years nor later than one year prior to its termination date of its intention to enter into agreement pursuant to this section. The terms of the agreement shall be reflected in an amendment to the agency's contract with the board.

If the board, itself, determines that it is not in the best interests of the system, it may choose not to enter into an agreement pursuant to this section.



Section 20576. (a) Upon the termination of a contract, the board shall hold for the benefit of the members of this system who are credited with service rendered as employees of the contracting agency and for the benefit of beneficiaries of this system who are entitled to receive benefits on account of that service, the portion of the accumulated contributions then held by this system and credited to or as having been made by the agency that does not exceed the difference between (1) an amount actuarially equivalent, including contingencies for mortality fluctuations, as determined by the actuary and approved by the board, the amount this system is obligated to pay after the effective date of termination to or on account of persons who are or have been employed by, and on account of service rendered by them to, the agency, and (2) the contributions, with credited interest thereon, then held by this system as having been made by those persons as employees of the agency.

(b) All plan assets and liabilities of agencies whose contracts have been terminated shall be merged into a single pooled account to provide exclusively for the payment of benefits to members of these plans. Recoveries from terminated agencies for any deficit in funding for earned benefits for members of plans of terminated agencies, and interest thereon, shall also be deposited to the credit of the terminated agency pool.

Section 20577. If, at the date of termination, the sum of the accumulated contributions credited to, or held as having been made by, the contracting agency and the accumulated contributions credited to or held as having been made by persons who are or have been employed by the agency, as employees of the agency, is less than the actuarial equivalent specified in clause (1) of subdivision (a) of Section 20576, the agency shall contribute to this system under terms fixed by the board, an amount equal to the difference between the amount specified in clause (1) of subdivision (a) of Section 20576 and the accumulated contributions. The amount of the difference shall be subject to interest at the actuarial rate from the date of contract termination to the date the agency pays this system. If the agency fails to pay to the board the amount of the difference, all benefits under the contract, payable after the board declares the agency in default therefor, shall be reduced by the percentage that the sum is less than the amount in clause (1) of subdivision (a) of Section 20576 as of the date the board declared the default. If the sum of the accumulated contributions is greater than the amount in clause (1) of subdivision (a) of Section 20576, an amount equal to the excess shall be paid by this system to the contracting agency, including interest at the actuarial rate from the date of contract termination to the date this system makes payment. The market value used shall be the value calculated in the most recent annual closing. The right of an employee of a contracting agency, or his or her beneficiary, to a benefit under this system, whether before or after retirement or death, is subject to the reduction.

Section 20577.5. Notwithstanding Section 20577, the board may elect not to impose a reduction, or to impose a lesser reduction, on a plan that has been terminated pursuant to Section 20572 if (a) the board has made all reasonable efforts to collect the amount necessary to fully fund the liabilities of the plan and (b) the board finds that not reducing the benefits, or imposing a lesser reduction, will not impact the actuarial soundness of the terminated agency pool.

Section 20578. (a) Except as provided in subdivision (b), on and after January 1, 1991, the rights and benefits of a former employee of a contracting agency which terminated on or before January 1, 1991, or of his or her beneficiary, shall be the same as if the agency had continued as a contracting agency. Any monthly allowance of that individual, or of his or her beneficiary, that was reduced pursuant to Section 20577 because the contracting agency failed to pay the board the amount of the difference shall



not be subject to continued reduction on or after January 1, 1991. As of January 1, 1991, benefits shall be paid at the level provided in the contract prior to that reduction. However, if a former employee of a contracting agency that terminated on or before January 1, 1991, becomes employed by another covered employer after the date of termination, including an employer subject to reciprocity, the benefits shall be calculated by using the highest compensation earned by the individual.

In accordance with Section 20580, an individual who has withdrawn his or her accumulated contributions from the terminated agency shall not be permitted to redeposit any withdrawn contributions upon again becoming a member of this system.

(b) If a contracting agency has not paid the system for any deficit in funding for earned benefits, as determined pursuant to Section 20577, members shall be entitled to the benefits to which members of the plan were entitled 36 months prior to the date the agency notified the board of its intention to terminate its contract or 36 months prior to the date the board notified the agency of its intent to terminate the contract, whichever is earlier. Entitlement to earned benefits under this subdivision shall be subject to Section 20577.5.

Section 20579. For purposes of Sections 20576 and 20577 in the case of a contracting agency that is an employer for purposes of Chapter 9 (commencing with Section 20790), the contracting agency shall cease to be an employer on the day preceding the effective date of termination, and all accumulated contributions held by this system and made by or credited to the contracting agency shall be determined in accordance with Section 20834.

Section 20580. Upon the termination of a contract, all memberships in this system existing because of that contract continue in existence to the extent that there are accumulated contributions to the credit of each local member, but any member may elect to withdraw his or her accumulated contributions if the member is not employed in a position subject to coverage by the system at the time of election. The status of any member who does not withdraw his or her accumulated contributions shall be the same as if the public agency had continued as a contracting agency. The membership of any member who is eligible and who elects to withdraw his or her accumulated contributions shall be terminated forthwith, and he or she shall not be entitled to any further benefit based upon service credited as an employee of the contracting agency, nor shall he or she have the right to redeposit those withdrawn contributions upon again becoming a member of this system. The portion of the contributions of the contracting agency held under Section 20576 to the credit of each member shall be determined by the board, and may be adjusted from time to time prior to termination of membership. A member whose membership continues under this section is subject to the same age and incapacity requirements as apply to other members for service or for disability retirement, but he or she is not subject to a minimum service requirement. Except as provided in Section 20578, he or she shall receive the retirement benefits as his or her accumulated contributions, together with the portion of the excess of the contributions of the contracting agency as are credited to him or her, shall provide, as determined by the board, but the provisions of this part relative to minimum retirement allowances shall not apply to him or her, nor shall those benefits exceed the benefits provided by the contract prior to its termination. Upon the death of a member, the basic death benefit shall be his or her accumulated contributions.

Section 20581. If a public agency that terminated its contract enters into a contract for participation in this system, the contract may provide for increase in benefits of persons retired or members who retained rights under this system, if the benefits were reduced under this article at the time of termination, to the level provided in the contract for members, and for redeposit of any contributions



for service to the agency not credited under a local system maintained by the agency after termination, withdrawn at termination by a person who becomes a member on contract date. Unless the redeposit is made, the member shall not receive credit for the service. All service rendered prior to the contract date and credited as a result of the contract shall constitute prior service whether or not rendered during the period of the terminated contract. All liabilities for service performed under the terminated contract shall become liabilities of a plan under the new contract. The ratio of assets to liabilities that existed at the time the previous contract was terminated shall be used to calculate the amount of assets to be transferred to a plan under the new contract.

Section 20582. Any event occurring on or after the date on which termination of a contract becomes effective shall not be considered in determining the right of any member to retire for service or disability or the rights of his or her beneficiaries.

Section 20583. The right to a retirement allowance, of a person who had retired prior to the effective date of the termination of a contract, or who has qualified and applied for retirement by written document received at the board's office in Sacramento, prior to the effective date, even though the board does not approve the application until a later date, and the right of any person to a benefit on account of a death that occurred prior to the effective date, is not affected by termination of the contract, unless the contracting agency fails to make the contributions required of it because of the participation of its employees in this system.

Section 20584. The board may postpone the payment of any amount due a contracting agency on termination of a contract if payment would require the sale of securities, that, in the opinion of the board, would affect adversely the interests of this system.

If the board delays a payment longer than the period reasonably necessary for the determination of the amount due and for the necessary action by the board, interest shall be allowed on the amount remaining due and unpaid from time to time at the rate then in use under this system, and paid to the contracting agency at the same time and in the manner as the original amount due.

Section 20585. (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency whose contract has been in effect for at least five years and the board of supervisors of a county maintaining a county retirement system for termination of the contracting agency's participation in this system and inclusion of its employees in the county retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the county system representing the value of the interests in the retirement fund of the contracting agency and its employees by reason of accumulated contributions credited to the agency and its employees. However, the amount transferred may not exceed the amount of the accumulated contributions. Any amount representing the difference between the value of the interests in the retirement fund of the contracting agency and its employees, and the accumulated contributions credited to the agency and its employees, shall be credited to the reserve under Section 20174. The agreement may also contain any other provisions that the board deems



necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien.

(c) All liability of this system with respect to members and retired persons under the contract shall cease and shall become the liability of the county system as of the date of termination specified in the agreement. Liability of the county retirement system shall be for payment of benefits in accordance with Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 applicable to it except that allowances of persons retired on the termination date and their beneficiaries and of beneficiaries of deceased members or retired persons who are receiving allowances on that date, shall be continued in at least the amount provided under the agency's contract as it was on that date. The termination may not affect the contribution rate of any member in any other employment under this system on the date of termination or any retirement allowance or other benefit based on service to another employer being paid on the termination date.

(d) Any member who becomes a member of a county retirement system upon the contract termination shall be subject to this part and Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the county retirement system during his or her membership in this system under the terminated contract.

(e) Upon execution of the agreement, a contracting agency that is an employer under Chapter 9 (commencing with Section 20790) shall cease to have that status, and the accumulated contributions of the contracting agency shall be determined and thereafter held as provided in Section 20834.

Section 20586. The board may enter into an agreement in accordance with Section 20585 for termination of a contract that has been in effect for at least five years with respect to local firefighters if the firefighting function of the contracting agency and local firefighters have been transferred to a district which participates in a county retirement system. The contract shall continue with respect to all employees of the contracting agency other than local firefighters.

Section 20587. The board may enter into an agreement in accordance with Section 20585 for termination of a contract that has been in effect for at least five years with respect to local members if particular functions of the contracting agency and local members have been transferred to a district or a county service area that participates in a county retirement system. The contract shall continue with respect to all other employees of the contracting agency.

Section 20588. (a) Notwithstanding any other provision of this article, the board may, pursuant to this section and Section 31657, enter into an agreement with the board of retirement of a county maintaining a county retirement system, for termination of participation of a public agency whose contract has been in effect for at least five years in this system or the state with respect to certain safety members who have ceased to be employed by the public agency or the state and have been employed by a county, fire authority, or district as a result of a transfer of firefighting or law enforcement functions from the public agency or the state to the county, fire authority, or district and inclusion of the former public agency employees in that county retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the county system representing the actuarial value of the interests in the retirement fund of the public agency or the state and the transferred employees by



reason of accumulated contributions credited to that public agency or the state and the employees transferred. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien. The agreement shall apply only to employees who are employed by the county or district on the effective date of the agreement.

(c) All liability of this system with respect to the members transferred under that agreement shall cease and shall become the liability of the county retirement system as of the date of transfer specified in the agreement. Liability of the county retirement system shall be for payment of benefits to transferred employees in accordance with Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3.

(d) Any member transferred who becomes a member of a county retirement system upon that transfer date shall be subject to provisions of this part and of Chapter 3 (commencing with Section 31450) of Part 3 of Division 4 of Title 3 extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the county retirement system during his or her membership in this system.

(e) This section shall apply only in the Counties of Kern, Los Angeles, Orange, and San Bernardino. Cal Gov Code § 20588

Section 20589. (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the board of retirement of the San Francisco City and County Employees' Retirement System, for termination of participation of a public agency whose contract has been in effect for at least five years in this system or the state with respect to certain safety members who have ceased to be employed by the public agency or the state and have been employed by the city and county, fire authority, or district as a result of a transfer of firefighting or law enforcement functions from the public agency or the state to the city and county, fire authority, or district and inclusion of the former public agency employees in that retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the city and county system representing the actuarial value of the interests in the retirement fund of the public agency or the state and the transferred employees by reason of accumulated contributions credited to that public agency or the state and the employees transferred. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien. The agreement shall apply only to employees who are employed by the city and county or district on the effective date of the agreement.

(c) All liability of this system with respect to the members transferred under that agreement shall cease and shall become the liability of the San Francisco City and County Employees' Retirement System as of the date of transfer specified in the agreement. Liability of the city and county retirement system shall be for payment of benefits to transferred employees.

(d) Any member transferred who becomes a member of the city and county retirement system upon that transfer date shall be subject to provisions of this part and the provisions of the San Francisco City Charter and Administrative Code extending rights to a member or subjecting him or her to limitations because of membership in another retirement system to the same extent that he or she would have been had he or she been a member of the city and county retirement system during his or her membership in this system.

(e) This section shall apply only in the City and County of San Francisco.



Section 20590. (a) Notwithstanding any other provision of this article, the board may enter into an agreement with the governing body of a contracting agency, other than a housing authority, and the governing body of a city with a population in excess of 2,000,000 and maintaining its own retirement system, for termination of the contracting agency's participation in this system and inclusion of the employees in the city retirement system.

(b) The agreement shall contain provisions the board finds necessary to protect the interests of this system, including provisions for determination of the amount, time, and manner of transfer of cash or securities, or both, to be transferred to the city system representing the value of the interests in the retirement fund of the contracting agency and its employees by reason of contributions and interest credited to the agency and its employees. The agreement may also contain any other provisions that the board deems necessary to address issues related to the transfer, including, but not limited to, benefits subject to an outstanding domestic relations order and benefits subject to a lien.

(c) All liability of this system with respect to members and retired persons under the contract shall cease and shall become the liability of the city system as of the date of termination specified in the agreement. Liability of the city system shall be for payment of benefits to persons retired on the termination date and their beneficiaries and of beneficiaries of deceased members in at least the amount provided under the agency's contract as it was on that date. The termination may not affect the contribution rate of any member in any other employment under this system on the date of termination or any retirement allowance or other benefit based on service.

(d) Any member who becomes a member of a city system upon the contract termination shall be subject to those provisions of this part extending rights to a member or subjecting the member to limitations because of membership in another retirement system to the same extent that the member would have been had he or she been a member of the city system during his or her membership in this system under the terminated contract.

Section 20591. Notwithstanding any other provision of this article, the board may enter into an agreement in accordance with Section 20590 with the governing body of a contracting agency, and the governing body of a city maintaining its own retirement system for termination of the contracting agency's participation in this system with respect to local firefighters and inclusion of those local firefighters in that city retirement system if the firefighting function of the contracting agency and the local firefighters have been transferred to that city. The contract shall continue with respect to all employees of the contracting agency other than local firefighters.

Section 20592. Notwithstanding any other provision of law, when all or part of an employer's function is transferred to an entity that is not an employer, the board may, by contract between the board, the employer, and the succeeding entity, transfer all or part of the assets and liabilities accumulated in this system by the employer to the succeeding entity.

Members employed by that employer shall have an individual election whether all accumulated contributions shall be transferred to the succeeding entity or left on deposit with this system.

The accumulated contributions may be directly transferred to the succeeding entity by the board for those members who so request.

Section 20593. Notwithstanding any other provision of law, when the management of a health district is assumed by the governing body of San Joaquin County, the contract shall be construed as a



continuation of the district's contract for all purposes of this part. Section 20834 shall not apply upon the execution of an agreement with the board and the governing body of the county for the assumption.

Retirement System website: <https://www.calpers.ca.gov/>

Colorado

Colo. Rev. Stat. 34-51-101 to 1748. Public Employees' Retirement Systems.

Colo. Rev. Stat 24-51-313 to 321:

24-51-313. Termination of affiliation - employer assigned to local government division - requirements
(1) Any political subdivision within the state of Colorado or any public agency created by such a political subdivision that is an employer affiliated with the association pursuant to the provisions of section 24-51-309 and that is assigned to the local government division may make application to the board to terminate the affiliation of the employer with the association. The application shall be made by submitting to the board an ordinance or resolution that has been adopted by the governing body of the employer and that has been approved by at least sixty-five percent of the employees of the employer who are members. Such employee members of the employer shall be notified in writing of the provisions of section 24-51-321 prior to a vote on an ordinance or resolution to terminate the affiliation of the employer with the association.

(2) All applications for termination of affiliation shall comply with the requirements set forth in this section, and, except as otherwise provided in this part 3, all applications meeting such requirements shall be approved by the board. Applications which do not meet the requirements of this section shall not be approved by the board. Upon approval of such application, the effective date of termination of affiliation shall not occur earlier than sixty days or later than ninety days after the date upon which such application is submitted to the board.

24-51-314. Termination of affiliation - rights of benefit recipients and inactive members

The rights of benefit recipients and the vested rights of inactive members shall not be impaired or reduced in any manner as a result of the termination of affiliation of an employer with the association as provided in section 24-51-313.

24-51-315. Termination of affiliation - reserves requirement

(1) The board shall determine the amount of reserves required as of the effective date of termination of affiliation to maintain current benefits payable by the association to benefit recipients and to preserve the vested rights of inactive members. The amount of reserves shall be determined by the board utilizing certified actuarial reports prepared by the actuary. The actuarial report shall also certify that the termination of affiliation shall not have an adverse financial impact on the actuarial soundness of the local government division trust fund. If the actuary determines, in accordance with accepted actuarial principles, that the termination of affiliation shall have an adverse financial impact on the actuarial soundness of the local government division trust fund, the applicant shall not be permitted to terminate affiliation.

(2) On the effective date of termination of affiliation, the actuarial reports prepared pursuant to the provisions of subsection (1) of this section shall be updated to finalize the amount of reserves required for the purposes specified in subsection (1) of this section. The employer making the application and the employees of such employer who are members shall not be required to make any contributions to the association subsequent to the effective date of termination.



(3) The expenses incurred by the board for the actuarial reports prepared as a result of an application for termination of affiliation shall be paid by the employer making such application.

(4) The board shall provide any information contained in such actuarial reports upon request of the employer making the application for termination of affiliation.

24-51-316. Inadequate reserves - excess reserves - nonpayment

(1) In the event that the amount of the reserves required pursuant to the provisions of section 24-51-315 exceeds the amount of the employer's share of the employer contribution reserve in the local government division trust fund as calculated by the actuary, then the employer shall make an additional payment as of the effective date of termination of affiliation in an amount equal to the difference between the amount of reserves required and the amount of reserves on deposit.

(2) In the event that the amount of the reserves on deposit in the local government division trust fund as calculated by the actuary for the employer requesting termination of affiliation exceeds the amount of reserves required pursuant to the provisions of section 24-51-315, such excess amount and the amount required for the transfer of member contributions as provided in section 24-51-317 shall be transferred by a direct trustee-to-trustee transfer to the alternate pension plan or system required by section 24-51-319 as of the effective date of termination of affiliation.

(3) If any payment required pursuant to the provisions of subsection (1) or (2) of this section is not made, interest shall be assessed on the amount due at the rate specified for employers in section 24-51-101 (28) until such amount is paid in full.

24-51-317. Termination of affiliation - member contributions

(1) Members who have less than five years of service credit and are employees of an employer which has terminated its affiliation with the association shall have their member contributions credited to the alternative pension plan or system required by section 24-51-319.

(2) Members who have five or more years of service credit and are employees of an employer which has terminated its affiliation with the association may elect that their accounts remain with the association by giving written notice to the association prior to the effective date of termination of affiliation. Members who make such an election shall become inactive members entitled to vested benefits as of the effective date of termination of affiliation. Members who do not make such an election shall have their member contributions credited to the alternative pension plan or system required by section 24-51-319.

24-51-318. Purchase of forfeited service credit

The provisions of section 24-51-503 which relate to the purchase of service credit forfeited by the refund of member contributions shall not apply to the members who are employees of an employer which has terminated its affiliation with the association. Such service credit forfeited by such termination of affiliation may be purchased pursuant to the provisions of section 24-51-505.

24-51-319. Retirement plan - creation and use

An employer which terminates its affiliation with the association shall utilize an existing, or shall establish an alternative, pension plan or system established pursuant to the provisions of article 54 of this title.

24-51-320. Reaffiliation of a public entity



(1) Any employer which terminates its affiliation with the association pursuant to the provisions of section 24-51-313 shall be eligible to apply for reaffiliation with the association as provided in section 24-51-309 no earlier than one year after the effective date of termination of affiliation.

(2) Such application for reaffiliation shall not be submitted to the association unless approved by sixty-five percent of the employees of the public entity who are eligible to become members of the association.

(3) The board shall not approve any application for reaffiliation with the association if such reaffiliation will have an adverse financial impact on the actuarial soundness of the local government division trust fund.

24-51-321. No state liability - political subdivision pension plans

The state shall not be held liable for any deficit that occurs in any defined benefit or defined contribution plan or system of any political subdivision within the state of Colorado or any public agency created by such a political subdivision which is an employer which has terminated affiliation with the association.

Retirement System website: <https://www.copera.org/>

Connecticut

Conn. Gen. Stat. 5-152 to 5-192mm. State Employees Retirement Act.

No discussion of withdrawal.

Conn. Gen. Stat. 7-407 to 479. Municipal Employees.

Provisions allow for municipal withdrawal.

Conn. Gen. Stat. 7-427, 444, 445:

Sec. 7-427. Participation by municipalities. (a) Any municipality except a housing authority, which is governed by subsection (b) of this section or a regional work force development board established under section 31-3k, which is governed by section 7-427a, may, by resolution passed by its legislative body and subject to such referendum as may be hereinafter provided, accept this part as to any department or departments of such municipality as may be designated therein, including elective officers if so specified, free public libraries which receive part or all of their income from municipal appropriation, and the redevelopment agency of such municipality whether or not such municipality is a member of the system, as defined in section 7-452, but such acceptance shall not repeal, amend or replace, or affect the continuance of, any pension system established in such municipality by or under the authority of any special act and all such special acts shall remain in full force and effect until repealed or amended by the General Assembly or as provided by chapter 99. The acceptance of this part as to any department or departments of a municipality shall not affect the right of such municipality to accept it in the future as to any other department or departments. In any municipality other than a district department of health, housing authority, flood commission or authority, regional council of governments or supervision district board of education, such resolution shall not take effect until it has been approved by a majority of the electors of the municipality voting thereon at the next regular election or meeting or at a special election or meeting called for the purpose. The effective date of participation shall be at least ninety days subsequent to the receipt by the Retirement Commission of the certified copy of such resolution. The Retirement Commission shall furnish to any municipality



contemplating acceptance of this part, at the expense of such municipality, an estimate of the probable cost to such municipality of such acceptance as to any department or departments thereof.

(b) Unless the board of commissioners of a housing authority votes against such participation, employees of housing authorities who are eligible under section 7-425 and who are not members of the Municipal Employees' Retirement Fund B shall become members thereof on July 1, 1972, and membership in any other retirement fund, except the federal old age and survivors insurance, shall terminate on said date. Housing authorities whose employees are enrolled on or before May 21, 1971, in any other retirement system shall arrange for termination of such system on July 1, 1972, which arrangements shall include provision that the rights of members who retired prior to July 1, 1972, under such system shall not be affected and provision that any refunds of employee contributions made to such other retirement system shall be transferred to the Municipal Employees' Retirement Fund B and the appropriate amount credited to the account of each transferring employee's benefit.

Sec. 7-444. Withdrawal by a municipality. A municipality may withdraw one or more departments from the retirement system established by this part by the procedure provided in section 7-427 for acceptance of this part; provided such withdrawal shall not relieve the municipality from liability arising from retirement allowances already granted. The employees of the department or departments shall be entitled to the return of their contributions, plus interest as provided in section 7-440, and the same shall be paid to the municipality for that purpose. In addition, the municipality shall be entitled to receive any balance from the sums contributed by it for such department or departments after deducting any payments already made or then due on account of administrative expenses and retirement allowances, with a sum sufficient, as determined by the commission on sound actuarial principles, to provide for the payment of all future retirement allowances and refunds already vested by the retirement of members from the municipality. For this purpose, such retirement allowances and future retirement allowances shall exclude an amount equal to the total contributions, plus interest as provided in section 7-440, of members previously retired under this part. If there is a deficit in such sum, it shall be paid in full into the fund by the municipality seeking to withdraw and its liability in this regard shall be enforceable as provided in section 7-445.

Sec. 7-445. Liability of municipality. Each participating municipality shall be liable to the fund for the cost of maintaining for its employees the retirement system herein provided for, including all contributions collected from employees. The liability of a municipality under this part shall be enforceable by the Retirement Commission against such municipality through appropriate action in the Superior Court.

Retirement System website: <http://www.osc.ct.gov/empret/>

PROCEDURES FOR WITHDRAWAL FROM CMERS

<http://www.osc.ct.gov/rbsd/cmers/municipal/withdrawal.htm>

From time to time a municipality or employer will ask CMERS regarding withdrawal of the employer ("the municipality") from the Municipal Employees' Retirement System (MERS). Withdrawal from MERS is allowed provided the municipality follows established statutory procedure and provided that the withdrawal does not relieve the municipality from liability arising from retirement allowances already granted.

In accordance with Connecticut General Statutes, Section 7-444 "[a] municipality may withdraw ... by the procedure provided in section 7-427 for acceptance of [MERS]." Section 7-427 directs that a municipality



seeking participation in MERS must obtain passage by its legislative body of a resolution accepting MERS membership. Once the resolution has passed, it is submitted to the State Employee Retirement Commission for approval. The effective date of participation shall be at least ninety days subsequent to the receipt by the Retirement Commission of the certified copy of such resolution.

Thus, in order for the municipality to withdraw from MERS, it must have its legislative body pass a resolution stating such intent. It must then submit a certified copy of this resolution to the Retirement Commission formally seeking withdrawal from MERS. The State Retirement Commission must approve the withdrawal from MERS and the effective date of withdrawal must be at least ninety (90) days subsequent to the Commission's receipt of the certified copy of the resolution.

It is important to note that under State statutes, employees who are withdrawn from MERS must be offered a retirement plan of equal value. See Conn. Gen. Stat. Section 7-148(5)(A)(... "the benefits granted to any individual under any municipal retirement or pension plan shall not be diminished or eliminated" ...); see also Conn. Gen. Stat. Section 7-450. Thus, upon withdrawal, the municipality will need to offer its employees an alternative retirement plan or program.

The withdrawal from MERS also does not relieve the municipality of its obligation to the retirement fund for liabilities incurred for retirement rights that have already been granted or that are currently vested to that department's members. Employees not vested would receive a refund of their contributions (plus interest). Under these calculations a refund could be due the municipality or conversely, monies may be owed by the municipality to the fund. Until the precise calculation is performed, it is impossible to know if the municipality is in a deficit or surplus situation relative to its retirement fund obligations. If there is an estimated deficit or if there is a reserve required by MERS to provide for payment of future retirement allowances, it must be paid in full by the municipality.

The liability calculation procedures used by the Retirement Commission for withdrawal from MERS are shown below. The determinations required under Section II - 2(b) and 2(c) of these calculations are done by CMERS' Consulting Actuary, the costs of which are borne by the municipality. These calculations require the municipality to inform us of all current employees who had prior municipal service (and the name of the municipality) so that vesting (if any) can be determined.

In sum, the procedure is as follows:

1. The municipality provides CMERS with both a list of its employees who had prior municipal service and a more definitive expression of its intent to withdraw so CMERS can begin the necessary calculations. CMERS will assist in determining an effective date of withdrawal which, along with the list of employees, will be forwarded to the MERS actuary. The municipality is responsible for the cost of the actuary in making the determination.
2. The Retirement Commission through CMERS will furnish to the municipality contemplating withdrawal, at the expense of the municipality, an estimate of the probable cost, deficit or surplus of such withdrawal. CMERS, along with its actuarial consultant, will determine whether a refund is due the municipality or if a deficit needs to be paid to the fund. Any deficit shall be paid in full to the fund prior to the formal acceptance of the withdrawal by the Commission.
3. The municipality's legislative body passes a resolution unequivocally stating that it is their intention to withdraw from MERS. The effective date of withdrawal must be at least 90 days subsequent to the Commission's receipt of a properly executed resolution. The resolution should also state that the municipality agrees to pay any deficit due and owing the fund (if such deficit is determined to exist) and that the municipality acknowledges that the employees who are being withdrawn from MERS are being offered a retirement plan of equal value.



4. The municipality must submit a certified copy of this resolution to the Retirement Commission. Please note that the Commission will require the aforementioned calculations from its Actuary and CMERS prior to taking any formal action on this resolution.

5. The non-vested employees of the municipality shall be entitled to a refund of their contributions plus interest. This refund (if any) will be made to the municipality on behalf of the employee and not directly to the employee. It may take 2-4 months from date of withdrawal for such contributions to be refunded. While these procedures may appear onerous, they reflect the careful consideration that should be exercised in deliberations concerning withdrawal from a retirement plan.

LIABILITY CALCULATION PROCEDURES FOR CMERS WITHDRAWAL

The procedure for withdrawal from this system is the same procedure which was used for participation as provided by Section 7-427 or Section 7-474 (f) Connecticut General Statutes. The formula for the liability calculation for withdrawal from this pension system is as follows:

1. (a) Determine the total amount contributed by the municipality for all current service contributions, that is, the contributions paid monthly from the date of participation based on the gross monthly payroll of the participating members, and

(b) The total of all amortization payments received which is payable annually only July 1st of each year for the past pension system from a previous pension plan. Past service liability is the credit granted for retirement purposes at participation for service rendered by the members which was continuous from the date of their employment to the date participation commenced.

There is no provision in Section 7-444 allowing for the inclusion of any interest which may have been earned on the amounts contributed to the fund by the municipality.

2. (a) Determine the total amount of retirement allowances paid by the fund from the date of participation to the date of withdrawal.

(b) Determine the actuarial reserve amount required to fund the future retirement allowance of those currently receiving benefits on the retirement payroll, deducting from that, the amount of the retired members own contribution to the fund.

(c) Determine the future expected benefit of members vested at the time of withdrawal, deducting from that the amount of the members own contribution to the fund.

3. If the sum of the total of one is greater than the sum of the total of two, a refund is due the municipality. If the sum of the total of two is greater than the sum of the total of one, the deficit shall be paid in full to the fund by the municipality seeking to withdraw, in accordance with Section 7-444, Connecticut General Statutes. The non-vested employees of the department or departments withdrawing shall be entitled to a refund of their contributions plus 5% interest.

Idaho

Idaho Code Ann. 59-1301 et sq. Public Employee Retirement System.

Idaho Code Ann. 59-1321:

59-1321. Procedure for employees of political subdivisions to be included in retirement system. A political subdivision not participating in the system may, through its governing body, notify the board in



writing that it elects to include its employees in the system. The board shall make a study and estimate the cost of including such employees in the system. Upon completion of the study and under the condition that the excess cost, if any, to include the employees as active members is paid upon admission, the political subdivision may apply for admission to the system. Payment of excess cost shall be made upon admission, unless the board in its sole discretion grants an extension. In no case shall an extension exceed two (2) years. Thereupon the board may upon such terms, not inconsistent with this chapter, as are set forth in a contract between the board and the political subdivision, integrate said political subdivision, and its employees into the system established by this chapter effective on the date of notice of election or later unless otherwise prohibited by law. The contract shall have no effect, however, until notice and hearing regarding it is afforded to such employees. Such contract shall provide for the appropriate funding of accrued benefits under any existing retirement program at the time the political subdivision is admitted to the system.

Idaho Code Ann. 59-1326

59-1326. Procedure for complete or partial withdrawal of political subdivisions from the system -- Calculation of withdrawal liability -- Indemnification.

(1) A political subdivision, through its governing body, may by resolution adopted by two-thirds (2/3) of the members of the governing body, declare its intent to withdraw completely from the system and to submit the question of withdrawing from the system to the active members of the political subdivision. The political subdivision shall notify its employees and the retirement board, in writing, of its action, and shall advise the active members of their right to vote for or against withdrawal, as provided in subsection (2) of this section. A political subdivision shall automatically be considered to have requested a complete withdrawal from the system the date the political subdivision permanently ceases to employ active members. A withdrawing political subdivision shall be required to make withdrawal liability payments as provided in this section.

(2) All active members of the withdrawing political subdivision shall be allowed to vote by secret ballot for or against allowing the political subdivision to completely withdraw from the system. More than fifty percent (50%) of the withdrawing political subdivision's active members must approve the complete withdrawal at least thirty (30) days before the effective withdrawal date. All active members of the withdrawing political subdivision who are on the political subdivision's payroll thirty (30) days before the effective withdrawal date shall be allowed to vote. If more than fifty percent (50%) of the withdrawing political subdivision's active members fail to vote for complete withdrawal, the political subdivision shall not be allowed to withdraw. Fifteen (15) days before the effective withdrawal date the governing board of the withdrawing political subdivision shall certify to the retirement board the results of the voting by the active members.

(3) Partial withdrawal occurs for a political subdivision when its average membership declines from one fiscal year to the next by more than twenty-five (25) members and twenty-five percent (25%) of the average membership in the earlier year. The effective date of partial withdrawal is the first day after the end of the later year.

"Average membership" for a fiscal year shall equal one-twelfth (1/12) of the sum of the number of active members employed during each month of that year.



(4) Complete withdrawal by a political subdivision shall be the first day of the month following the date the political subdivision ceases to employ active members or the first day of the month following sixty (60) days from the date the board receives the political subdivision's written request to withdraw. However, the complete withdrawal date shall not occur before the withdrawal liability is determined, as provided in subsection (7) of this section.

(5) After complete withdrawal, all employees of the withdrawing political subdivision shall be ineligible to accrue future benefits with the system due to employment with the withdrawing political subdivision. The withdrawing political subdivision shall be ineligible to request to be included in the system, as provided in section 59-1321, Idaho Code, for five (5) years after its complete withdrawal date.

(6) All active or inactive members of the political subdivision shall be eligible for benefits accrued with the system up to the complete withdrawal date. However, no retirement allowance or separation benefit shall be paid until the member actually separates from service with the withdrawing political subdivision, and there is no guarantee of right to re-employment made by the withdrawing political subdivision. If the person returns to employment with the same withdrawing political subdivision within ninety (90) days, any separation benefit or retirement allowance paid to the person shall be repaid to the system.

(7) On the date of complete withdrawal, the withdrawal liability of an employer is (a) multiplied by the ratio of (b) to (c) as follows:

(a) The excess of the actuarial present value of the vested accrued benefits of the system's members over the fair value of its assets, both as of the date of the last actuarial valuation adopted by the board prior to the complete withdrawal date based on the assumption that thirty percent (30%) of all terminating employees will eventually return to employment covered by the system and that future cost-of-living allowances as provided in section 59-1355, Idaho Code, will be at a rate of two percent (2%) per year;

(b) The total present value of accrued benefits of all active members of the withdrawing political subdivision as of the last actuarial valuation adopted by the board prior to the complete withdrawal date;

(c) The total present value of accrued benefits of all active members of the system as of the last actuarial valuation adopted by the board prior to the complete withdrawal date.

The actuarial costs to determine the amount described in subsection (7)(b) of this section shall be paid by the withdrawing political subdivision.

(8) On the date of partial withdrawal, the withdrawal liability of an employer is the same as if complete withdrawal had occurred, multiplied by one (1) minus the ratio of (a) to (b) as follows:

(a) The average membership of the employer estimated by the board for the year commencing on such date;

(b) The average membership of the employer during the second complete fiscal year prior to such date.

(9) The withdrawing political subdivision shall enter into a contract with the system which establishes terms for the political subdivision's payment of its withdrawal liability. The contract shall use an interest rate equal to the interest rate used in the actuarial valuation adopted by the board prior to the withdrawal date, net of actuarially assumed investment expenses. The contract shall not extend the duration of the withdrawal liability payments beyond ten (10) years or the end of the current



amortization period whichever is less. The contract shall be a financial obligation of the withdrawing political subdivision and any of its successors and assigns. "Current amortization period" means the period over which the amortization payment rate times the actuarial present value of the projected salaries is equivalent to the unfunded actuarial liability, all determined by the current valuation last adopted by the board prior to the complete withdrawal date.

(10) Upon the complete withdrawal of the political subdivision, the system shall have no further legal obligation to the political subdivision or its employees, nor shall the system be held accountable for the continued future accrual of any retirement benefit rights to which such employees may be entitled beyond the complete withdrawal date. Any litigation regarding the forfeiture of any benefits because of the political subdivision's complete withdrawal from the system shall be the sole legal responsibility of the withdrawing political subdivision and the withdrawing political subdivision shall indemnify and hold harmless the system, its board, its employees and the state of Idaho, from any claims, losses, costs, damages, expenses, and liabilities, including without limitation, court costs and reasonable attorney's fees, asserted by any person or entity as a result of the political subdivision's withdrawal from the system.

Retirement System website: <http://www.persi.idaho.gov/>

Indiana

Ind. Code 5-10.1-1-1 et seq. The Public Employees' Retirement Fund.

Ind. Code 5-10.3-6-8, 8.2, 8.3:

IC 5-10.3-6-8

Withdrawal of political subdivision

Sec. 8. (a) As used in this section, "withdrawing political subdivision" means a political subdivision that takes an action described in subsection (b).

(b) Subject to the provisions of this section, a political subdivision may do the following:

(1) Stop its participation in the fund and withdraw all of the political subdivision's employees from participation in the fund.

(2) Withdraw a departmental, an occupational, or other definable classification of employees from participation in the fund.

(3) Stop the political subdivision's participation in the fund by:

(A) selling all of the political subdivision's assets; or

(B) ceasing to exist as a political subdivision.

(c) The withdrawal of a political subdivision's participation in the fund is effective on a termination date established by the board. The termination date may not occur before all of the following have occurred:

(1) The withdrawing political subdivision has provided written notice of the following to the board:

(A) The withdrawing political subdivision's intent to cease participation.

(B) The names of the withdrawing political subdivision's current employees and former employees as of the date on which the notice is provided.

(2) The expiration of:

(A) a ninety (90) day period following the filing of the notice with the board, for a withdrawing political subdivision that sells all of the withdrawing political subdivision's assets or that ceases to exist as a political subdivision; or



(B) a two (2) year period following the filing of the notice with the board, for all other withdrawing political subdivisions.

(3) The withdrawing political subdivision takes all actions required in subsections (d) through (g).

(d) With respect to retired members who have creditable service with the withdrawing political subdivision, the withdrawing political subdivision must contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments over a term determined by the board that does not exceed thirty (30) years.

(e) A member who is an employee of the political subdivision as of the date of the notice under subsection (c) is vested in the pension portion of the member's retirement benefit. The withdrawing political subdivision must contribute to the fund the amount the board determines is necessary to fund fully the vested benefit attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments over a term determined by the board that does not exceed thirty (30) years.

(f) A member who is covered by subsection (e) and who is at least sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even if the member has fewer than ten (10) years of service. The benefit for the member shall be computed under IC 5-10.2-4-4 using the member's actual years of service.

(g) With respect to members of the fund who have creditable service with the withdrawing political subdivision and who are not employees as of the date of the notice under subsection (c), the withdrawing political subdivision must contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the withdrawing political subdivision. The contribution by the withdrawing political subdivision must be made in a lump sum or in a series of payments over a term determined by the board that does not exceed thirty (30) years.

IC 5-10.3-6-8.2

Freeze in participation by political subdivision

Sec. 8.2. (a) The following definitions apply throughout this section:

(1) "Freeze" or "freeze participation in the fund" means to take an action described under subsection (b)(1), (b)(2), or (b)(3).

(2) "Freezing political subdivision" means a political subdivision that freezes its participation in the fund.

(b) Subject to the provisions of this section, a political subdivision that did not take an action described in this subsection before the effective date of this section may adopt an ordinance or resolution, which may not be effective before January 2, 2016, to do the following:

(1) Determine a date (which may not be before January 2, 2016):

(A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are eligible to participate in the fund; and
(B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are not eligible to participate in the fund.

(2) Determine a date (which may not be before January 2, 2016):

(A) before which newly hired employees of a departmental, occupational, or other definable classification of employees are required to participate in the fund; and

(B) on or after which newly hired employees of the departmental, occupational, or other definable classification of employees are allowed to choose whether to participate in a retirement benefit system other than the fund.



(3) Modify the political subdivision's employee classification scheme as of a specified date (which may not be before January 2, 2016) in such a way that there is at least one (1) position that:

(A) is covered by the fund before the specified date; and

(B) is not covered by the fund on or after the specified date.

(c) A political subdivision that freezes its participation in the fund after December 31, 2010, shall do the following:

(1) Provide written notice of the following to the board:

(A) The action that was taken under subsection (b) by the freezing political subdivision.

(B) The effective date of the action taken under subsection (b).

(C) The employee classifications that:

(i) are covered by the fund before the effective date of the freeze; and

(ii) will not be covered by the fund on or after the effective date of the freeze.

(D) The names of the freezing political subdivision's current employees and former employees as of the date on which the notice is provided.

(2) Comply with subsections (d) through (f).

(d) With respect to retired members who have creditable service with the freezing political subdivision, the freezing political subdivision shall contribute to the fund any additional amounts that the board determines are necessary to provide for reserves with sufficient assets to pay all future benefits from the fund to those retired members attributable to service with the freezing political subdivision. The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report. The contribution by the freezing political subdivision must be made in a lump sum or in a series of payments over a term that does not exceed

thirty (30) years, as determined by the freezing political subdivision.

(e) With respect to members of the fund who have creditable service with the freezing political subdivision and who are not employees as of the effective date on which the political subdivision freezes its participation in the fund, the freezing political subdivision shall contribute the amount that the board determines is necessary to fund fully the service for those members that is attributable to service with the freezing political subdivision. The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report. The contribution by the freezing political subdivision must be made in a lump sum or in a series of payments over a term that does not exceed thirty (30) years, as determined by the freezing political subdivision.

(f) With respect to members of the fund who are employees of the freezing political subdivision as of the date of the notice under subsection (c), the freezing political subdivision shall continue to contribute the amounts required under IC 5-10.2-2-11 for those employees for the duration of their employment with the freezing political subdivision. In addition, the freezing political subdivision shall contribute to the fund the amount the board determines is necessary to fund fully the benefits attributable to service with the freezing political subdivision that are vested or will become vested and are not anticipated to be fully funded through the continuing

contributions under IC 5-10.2-2-11 during the duration of the members' employment with the freezing political subdivision. The board shall collaborate with the freezing political subdivision by sharing the actuarial method and report. The contribution by the freezing participating entity must be made in a lump sum or in a series of payments over a term that does not exceed thirty (30) years, as determined by the freezing political subdivision. (g) The Indiana public retirement system may do any of the following to determine a political subdivision's compliance with this section:

(1) Require reports from the political subdivision.



(2) Audit the political subdivision.

IC 5-10.3-6-8.3

Retirement plans offered by political subdivision that withdraws from or freezes participation in fund Sec. 8.3. (a) This section applies to a political subdivision that:

(1) either:

(A) withdraws from the fund under section 8 of this chapter;

or

(B) freezes its participation in the fund as described in section 8.2 of this chapter; and

(2) chooses thereafter to offer a retirement plan to its employees.

(b) Except as provided in subsection (c), a political subdivision to which this section applies may offer a retirement plan to its employees only by participating in the defined contribution plan under IC 5-10.3-12.

(c) If, on July 1, 2015, a political subdivision to which this section applies has established or is otherwise participating in a defined contribution plan other than the defined contribution plan under IC 5-10.3-12, the political subdivision may continue to participate in the defined contribution plan in which the political subdivision participated on July 1, 2015.

Retirement System website: <http://www.in.gov/inprs/>

Kentucky

KRS 61.522. Voluntary and involuntary cessation of participation by employer in retirement system -- Effects of on employees, employers, and system.

Notwithstanding any other provision of KRS 61.510 to 61.705 or 78.510 to 78.852 to the contrary:

(1) For purposes of this section:

(a) "Active member" means a member who is participating in the system;

(b) "Employer" means the governing body of a department, as defined by KRS 61.510, or a county as defined by KRS 78.510;

(c) "Employer's effective cessation date" means the last day of the system's plan year in the year in which the employer has elected to cease participation in the system, provided the employer has met the requirements of this section and has given the Kentucky Retirement Systems sufficient notice as provided by administrative regulations promulgated by the systems; and

(d) "Inactive member" means a member who is not participating with the system;

(2) Any employer participating in the Kentucky Employees Retirement System or the County Employees Retirement System on July 1, 2015, except as limited by subsection (6) of this section, may:

(a) Voluntarily cease participation in its respective retirement system subject to the requirements and restrictions of this section; or

(b) Be required to involuntarily cease participation in the system under the provisions of this section if the board has determined the employer is no longer qualified to participate in a governmental plan or has failed to comply with the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852;

(3)

(a) If an employer desires to voluntarily cease participation in the Kentucky Employees Retirement System or the County Employees Retirement System as provided by subsection (2)(a) of this section:

1. The employer shall adopt a resolution requesting to cease participation in the system and shall submit the resolution to the board for its approval;



2. The cessation of participation in the system shall apply to all employees of the employer;
3. The employer shall pay for all administrative costs of an actuarial study to be completed by the Kentucky Retirement Systems' consulting actuary and for any other administrative costs for discontinuing participation in the system as determined by the board and as provided by this section;
4. The employer shall provide an alternative retirement program for employees who will no longer be covered by the system, which may include a voluntary defined contribution plan;
5. If the alternative retirement program established by the employer meets the qualification requirements under 26 U.S.C. sec. 401(a) and is capable of accepting trustee-to-trustee transfers of both pre-tax and post-tax contributions, employees of the employer ceasing participation may seek to transfer his or her account balance to the employer's qualified alternate retirement program within sixty (60) days of the employer's effective cessation date. An employee's election to transfer his or her account balance within sixty (60) days of the employer's effective cessation date is an irrevocable waiver of the right to obtain service credits in the system for the time worked for the employer ceasing participation; and
6. The employer shall pay by lump sum to the system the full actuarial cost of the benefits accrued by its current and former employees in the system as determined separately for the pension fund and the insurance fund by the actuarial study required by subparagraph 3. of this paragraph. The full actuarial cost shall not include any employee who seeks a transfer of his or her account balance within sixty (60) days of the employer's effective cessation date as provided by subparagraph 5. of this paragraph. The actuarial cost shall be fixed, and the employer shall not be subject to any increases or subsequent adjustments, once the lump sum is paid.

(b) If the board determines an employer must involuntarily cease participation in the system as provided by subsection (2)(b) of this section:

1. The cessation of participation in the system shall apply to all employees of the employer;
2. The employer shall pay for all administrative costs of an actuarial study to be completed by the Kentucky Retirement Systems' consulting actuary and for any other administrative costs for discontinuing participation in the system as determined by the board and as provided by this section; and
3. The employer shall pay by lump sum to the system the full actuarial cost of the benefits accrued by its current and former employees in the system as determined separately for the pension fund and the insurance fund by the actuarial study required by subparagraph 2. of this paragraph. The actuarial cost shall be fixed, and the employer shall not be subject to any increases or subsequent adjustments, once the lump sum is paid;

(4) Any employee hired on or after the employer's effective cessation date by an employer who has ceased participation in the system as provided by this section shall not, regardless of his or her membership date in the systems administered by Kentucky Retirement Systems, be eligible to participate in the Kentucky Employees Retirement System or the County Employees Retirement System through the employer that ceased participation for the duration of his or her employment with that employer;

(5) If an employer has ceased participation in the system as provided by this section:

(a) The rights of recipients and the vested rights of inactive members accrued as of the employer's effective cessation date shall not be impaired or reduced in any manner as a result of the employer ceasing participation in the system; and

(b) Employees of the employer ceasing participation shall accrue benefits through the employer's effective cessation date but shall not accrue any additional benefits in the Kentucky Employees Retirement System or the County Employees Retirement System, including earning years of service



credit through the ceased employer, after the employer's effective cessation date for as long as they remain employed by the employer. The day after the employer's effective cessation date, each employee described by this paragraph shall be considered an inactive member with respect to his or her employment with the employer that ceased participation and, subject to the provisions and limitations of KRS 61.510 to 61.705 and 78.510 to 78.852, shall:

1. Retain his or her accounts with the Kentucky Employees Retirement System or the County Employees Retirement System and have those accounts credited with interest in accordance with KRS 61.510 to 61.705 and 78.510 to 78.852;
2. Retain his or her vested rights in accordance with paragraph (a) of this subsection; and
3. Be eligible to take a refund of his or her accumulated account balance in accordance with KRS 61.625 or any other available distribution if eligible;

(6)

(a) Kentucky Employees Retirement System employers who are county attorney offices, Commonwealth's attorney offices, local and district health departments governed by KRS Chapter 212, master commissioners, executive branch agencies whose employees are subject to KRS 18A.005 to 18A.200, state-administered retirement systems, state-supported universities and community colleges, property valuation administration offices, or employers in the legislative or judicial branch of Kentucky state government, shall not be eligible to voluntarily discontinue participation in the Kentucky Employees Retirement System unless the employer is a nonstock nonprofit corporation organized under KRS Chapter 273.

(b) Only the employers in the County Employees Retirement System who are a nonstock nonprofit corporation organized under KRS Chapter 273 may voluntarily cease participation in the County Employees Retirement System;

(7) For purposes of this section, the full actuarial cost shall be determined by the Kentucky Retirement Systems' consulting actuary separately for the pension fund and the insurance fund using the assumptions and methodology established by the system specifically for determining the full actuarial cost of ceasing participation as of the employer's effective cessation date. For purposes of determining the full actuarial cost, the assumed rate of return used to calculate the cost shall be the lesser of the assumed rate of return utilized in the system's most recent actuarial valuation or the yield on a thirty (30) year United States treasury bond as of the employer's effective cessation date, but shall in no case be lower than the assumed rate of return utilized in the system's most recent actuarial valuation minus three and one-half percent (3.5%);

(8) The Kentucky Retirement Systems shall promulgate administrative regulations pursuant to KRS Chapter 13A to administer this section; and

(9) Any employer who voluntarily ceases participation, or who is required to involuntarily cease participation as provided in this section, shall hold the Commonwealth harmless from damages, attorney's fees and costs from legal claims for any cause of action brought by any member or retired member of the departing employer.

Retirement System website: <https://kyret.ky.gov/Pages/default.aspx>

Maryland

Md. State Personnel and Pensions Code Ann. 20-101 et seq. Pensions.

Md. State Personnel and Pensions Code Ann. 31-301 to 306. Withdrawal by a participating governmental unit:



§ 31-301. Definitions.

(a) In general. — In this subtitle the following words have the meanings indicated.

(b) Employees' system. — "Employees' system" has the meaning stated in § 31-101 of this title.

(c) Legislative body. — "Legislative body" has the meaning stated in § 31-101 of this title.

(d) Local pension system. — "Local pension system" means a retirement or pension system established by the legislative body of an eligible governmental unit.

(e) State system. — "State system" has the meaning stated in § 20-101(pp) of this article.

(f) Withdrawal date.— "Withdrawal date" means the date that a withdrawal by a participating governmental unit from a State system takes effect.

§ 31-302. Withdrawal generally.

The legislative body of a participating governmental unit may withdraw from participation in a State system and transfer to a local pension system or another State system any of the following groups of employees of the governmental unit who consent to the withdrawal, and who qualify for membership in the State system or local pension system:

(1) all employees of the participating governmental unit;

(2) fire fighters;

(3) law enforcement personnel;

(4) detention center officers; or

(5) subject to the approval of the Board of Trustees, a homogeneous unit of at least 10 employees.

§ 31-303. Date withdrawal takes effect.

A withdrawal and transfer under § 31-302 of this subtitle takes effect at the end of the State's fiscal year.

§ 31-304. Transfer of accumulated contributions.

If a participating governmental unit withdraws from a State system, the accumulated contributions of the withdrawn employees shall be transferred on the withdrawal date to the administrative board of the local pension system or new State system and credited to the account of those employees.

§ 31-305. Transfer of assets.

(a) Transfer of assets. — As of the effective date of withdrawal of a participating governmental unit, the Board of Trustees shall transfer to the administrative board of the local pension system or new State system the portion of the assets that are allocable to the withdrawn employees as determined under § 21-305.5, § 21-305.6, § 21-306,

§ 21-306.1, or § 26-306.2 of this article.

(b) Assets held in trust. — The administrative board of the local pension system or new State system shall hold the transferred assets in trust to provide retirement benefits for the withdrawn employees.

§ 31-306. Payment of administrative costs.

A participating governmental unit shall pay all administrative costs involved in the withdrawal or reentry if the participating governmental unit:

(1) withdraws all or some of its employees from a State system; or

(2) elects to participate in a State system for employees who were previously withdrawn.

Retirement System website: <http://sra.maryland.gov/>



Michigan

Retirement System website: <http://www.mersofmich.com/>

Plan Section 11, Termination of Participation by Participating Municipality; Effect of Termination; Disposition of Assets and Liabilities; Closed Divisions; Closed Deivision Funding; Adoption of Non-MERS Defined Contribution plans; Restrictions

Section 11

(1) Termination of Participation.

(a) The termination of a municipality's participation in the Retirement System results in the cessation of benefit accruals by the municipality's employees in the Defined Benefit Plan, Defined Contribution Plan, and Hybrid Plan. A termination of participation occurs under any of the following circumstances:

(i) The participating municipality elects to terminate participation in the Retirement System by an affirmative vote by the qualified electors of the municipality. The clerk or secretary of the municipality shall certify to the Retirement System, in the manner and form prescribed by the Retirement Board, the determination of the participating municipality to terminate participation. The certification shall be made within 10 days after the canvass of votes of the qualified electors. The effective date of termination of participation shall be the first day of the municipality's fiscal year that is at least 6 months after the date of the vote by the qualified electors.

(ii) The participating municipality ceases to qualify as a municipality under section 2(23) and becomes ineligible to participate in the Retirement System due to privatization, dissolution, or other change in corporate structure.

(iii) A participating municipality which covers all of its members, vested former members, retirees, beneficiaries, and participants under the Defined Contribution Plan elects by a two-thirds vote of its governing body to terminate participation in the Retirement System and adopt a non-MERS defined contribution plan qualified under 401(a) of the IRC for participants who are currently enrolled in the Defined Contribution Plan. The governing body shall introduce a resolution to that effect at a regularly scheduled meeting and shall not vote on the resolution before its next regularly scheduled meeting. Amounts shall be transferred from the Defined Contribution Plan to the successor defined contribution plan. The transfer amount for a participant currently enrolled in the Defined Contribution Plan shall be the fair market value of the participant's vested and non-vested accumulated balance as of the date of transfer. Transfer of membership and funds shall be implemented as expeditiously as possible pursuant to a joint transition agreement between the governing body of the municipality and the Retirement System.

(b) A municipality that terminates participation in the Retirement System under subsection 1(a)(i) or 1(a)(ii) remains responsible under Article 9, section 24 of the Michigan Constitution for payment of accrued pension benefits. As of the date of termination, the municipality's members and participants acquire full vesting of accrued retirement allowances and defined contribution accumulated balances. All of the municipality's members become vested former members.

(i) Unless otherwise authorized by the Retirement Board, the participating municipality shall leave with MERS all or a portion of its actuarial accrued liabilities for accrued retirement allowance payments for retirees, beneficiaries, and vested former members in the Defined Benefit Plan and Hybrid Plan Defined Benefit Component, together with assets in the amount required by the Retirement Board pursuant to the Restated Policy for Closed Municipalities. The Retirement System shall adjust the balance in the reserve for employer contributions to a market value basis for the purpose of determining the amount of an insufficiency or the amount of an overage under this subsection. The adjusted balance in the



reserve for employer contributions shall be periodically compared to the actuarial accrued liabilities, including a margin for experience fluctuation, for accrued pensions payable and to be paid persons on account of the municipality's participation in the Retirement System. If at the time of a comparison the adjusted balance is insufficient to fully cover the actuarial accrued liabilities, the insufficiency shall be an obligation of the municipality and shall be liquidated as determined by the Retirement System. If at the time of a comparison the adjusted balance is more than sufficient to fully cover the actuarial accrued liabilities, the overage shall be returned to the municipality in a single sum or, at the request of the municipality, transferred to another retirement plan covering the employees of the municipality.

(ii) For participants in the Defined Contribution Plan and Hybrid Plan Defined Contribution Component, the vested accumulated balance shall be distributed to each participant as provided in Article IV and Article V.

(iii) The conditions and requirements of the Retirement System pertaining to termination of participation and the disposition of assets and liabilities shall be specified in a joint withdrawal agreement between the governing body of the municipality and the Retirement System.

(2) Closed Divisions.

(a) A participating municipality may close one or more employee classifications ("divisions") in the Defined Benefit Plan without terminating participation in the Retirement System. A closed division arises when there are no longer any members in a division or when the participating municipality notifies MERS that there will be no new employees in a division. Current members that remain in a closed division continue to accrue future service benefits.

(b) A participating municipality that has closed a defined benefit division and adopted the Defined Contribution Plan, or which is eligible to close a defined benefit division to adopt the Defined Contribution Plan for new hires under section 48(1) and current members under section 64, may elect by a two-thirds vote of its governing body to adopt a non-MERS defined contribution plan qualified under 401(a) of the IRC. The governing body shall introduce the resolution at a regularly scheduled meeting and shall not vote on the resolution before its next regularly scheduled meeting. Amounts shall be transferred from the Defined Contribution Plan to the successor defined contribution plan. The transfer amount for a participant currently enrolled in the Defined Contribution Plan shall be the fair market value of the participant's vested and non-vested accumulated balance as of the date of transfer. The transfer amount for a member currently enrolled in the Defined Benefit Plan who is eligible to be enrolled in the Defined Contribution Plan and elects coverage under the successor defined contribution plan shall be determined in a manner consistent with section 64(4). Transfer of membership and funds shall be implemented as expeditiously as possible pursuant to a joint transition agreement between the governing body of the municipality and the Retirement System. This subsection shall not apply to conversions under section 64(5).

(c) To effectuate funding consistent with Article 9, section 24 of the Michigan Constitution, participating municipalities with closed divisions shall finance the unfunded actuarial accrued liability of such divisions pursuant to the Retirement Board's Amended Amortization Policy for Closed Divisions within Open Municipalities.

(3) Restrictions.

(a) A municipality that terminates participation in the Retirement System pursuant to subsection (1)(a)(i) shall be precluded from again becoming a participating municipality during the 5-year period immediately following the effective date of the termination of participation.

(b) A municipality that becomes a participating municipality by authority of an emergency manager under 2012 PA 436, MCL 141.1541 to 141.1575, is precluded from taking action to terminate participation in the Retirement System under subsection (1)(a)(i) or (iii), or closing one or more divisions



under subsection 2(b), for a period of 10 years from the municipality's date of participation in the Retirement System.

Tennessee

Tenn. Code Ann. 8-34-101 et seq. Retirement – Generally.

Tenn. Code Ann. 8-35-101 et seq. Retirement—Membership.

Tenn. Code Ann. 8-36-101 et seq. Retirement Benefits.

Tenn. Code Ann. 8-47-101 et seq. Retirement—Financing and Funds.

Tenn. Code Ann. 8-35-201:

8-35-201. Political subdivisions of state.

(a) The chief legislative body of any political subdivision of the state, not participating under §§ 8-35-212 -- 8-35-214, may, by resolution legally adopted and approved by the chief legislative body, authorize all its employees in all of its departments or instrumentalities to become eligible to participate in the retirement system under the same terms and conditions, except as provided in subsection (e); provided that:

(1) Such participation shall be subject to the approval of the board of trustees and in conformity with such rules and regulations as may be prescribed by the board;

(2) Any political subdivision maintaining a pre-existing public employee retirement system shall transfer to the retirement system any excess employer assets remaining in such pre-existing system after allocating the funds necessary to provide any unimpaired rights and benefits existing under such pre-existing system;

(3) The entire employer contribution for such public employees shall be provided and paid by the political subdivision and not by the state;

(4) Such employees will not have a voice in the election of the board of trustees except as provided for in § 8-34-302; and

(5) After such election and approval to become members of the retirement system, such body shall thereafter, for the purposes of chapters 34-37 of this title, be an employer.

(b) Acceptance of the employees of such political subdivision for membership in the retirement system shall be optional with the board of trustees, and if it shall approve their participation, then such employees may become members of the retirement system and participate therein as provided in chapters 34-37 of this title.

(c) Except as provided in subsection (e), the chief legislative body of any political subdivision in which one (1) or more of its departments or instrumentalities is participating in the retirement system shall be required to extend retirement coverage to all nonparticipating departments, if additional retirement coverage is sought and the remaining uncovered departments shall participate under the same terms and conditions.

(d) Notwithstanding anything to the contrary in this part, any governing body of any joint venture between one (1) or more political subdivisions of the state may by resolution authorize the employees of such joint venture to become members of the Tennessee consolidated retirement system under all the applicable provisions of this part; provided, that each political subdivision of the state which is



represented in the joint venture shall by resolution prescribed by the board of trustees guarantee the payment of its prorated share of any outstanding liability so incurred by this action.

(e) Notwithstanding any other provision of the law to the contrary, a political subdivision may participate in the retirement system without extending retirement coverage to its hospitals, nursing homes, transit authorities, utilities, or other instrumentalities which operate under the direction of their own governing board and which are not subject to the general control and administration of the chief legislative body of the political subdivision. If retirement coverage is extended to such instrumentalities, the instrumentalities shall participate under the same terms and conditions as other departments and instrumentalities of the political subdivision.

(f) A local board of education may elect to participate in the retirement system separately from the political subdivision with which it is associated. If a local board of education elects to participate in the retirement system separately, the local board of education shall designate, by resolution, which city or the county shall accept financial responsibility for the liabilities associated with participation. The city or county that accepts the financial responsibility for the local board of education's participation in the retirement system, through its chief legislative body, governing body or authorizing body shall, by resolution, authorize and approve the local board of education's participation and shall demonstrate the city or county's acceptance of the liability associated with that participation. A political subdivision may elect to participate in the retirement system without extending coverage to the employees of the local board of education that is associated with the participating political subdivision. In the event that a political subdivision withdraws its participation from the retirement system, the political subdivision may allow the local board of education, which is a part of the political subdivision, to continue its participation in the retirement system separately.

(g) All political subdivisions that participate in or desire to participate in the retirement system shall have a governing body and shall meet all applicable state and federal law requirements that are necessary for the retirement system to maintain its status as a qualified plan under the Internal Revenue Code.

Tenn. Code Ann. 8-35-202:

(a) Whenever any retirement law is passed by the general assembly which does not affirmatively state that it has application to participating political subdivisions, and it is subsequently determined by the retirement division that such act or provisions thereof mandate increased liabilities to participating political subdivisions within the meaning of article II, § 24 of the Constitution of Tennessee, compliance with the provisions of such act or acts shall be optional to the political subdivisions.

(b) Upon discovery by the retirement division that an enactment increases the liabilities of participating political subdivisions, notice of the effect of such enactment shall be given to the governing bodies of the political subdivisions by the retirement division as soon as practical.

(c) The governing body of each political subdivision shall, upon notification of the effect of the law, advise the retirement division of its desire to be covered by the provisions of the act.



(d) All participating political subdivisions which do not elect to be covered by the provisions of the enactment shall be excluded from the provisions thereof.

(e) Notwithstanding this section or any other law to the contrary, whenever any retirement law is passed by the general assembly in chapters 34-37 of this title that does not increase the aggregate pension liability of all participating political subdivisions combined by more than one percent (1%), then each participating political subdivision shall be automatically covered by the law effective the January 1 next following the effective date of the applicable law, unless the governing body of the political subdivision files with the Tennessee consolidated retirement system a notice of that political subdivision's election not to be covered. The notice must be filed by no later than the November 1 next following the effective date of the applicable law. For purposes of this subsection (e), "political subdivision" means any employer participating in the Tennessee consolidated retirement system pursuant to § 8-35-116(b) or this part.

Tenn. Code Ann. 8-35-211:

8-35-211. Withdrawal of participating employer from retirement system.

(a) Except for the provisions of this section and the provisions for voluntary withdrawal contained in § 8-35-218, the agreement of any employer participating under this chapter to contribute on account of its employees shall be irrevocable, but should an employer for any reason become financially unable to make the contributions payable on account of its employees, then such employer shall be deemed to be in default and may file with the board a resolution legally adopted by its legislative body requesting withdrawal from the retirement system. Any withdrawal resolution adopted by a political subdivision hereunder shall be deemed to include all departments; employees of such employers will no longer be deemed to be members of the retirement system and their rights shall be limited as hereinafter provided.

(b) Upon the adoption by any employer of a withdrawal resolution, such employer shall at once notify all employees thereof who are members and all former employees who were members, or their beneficiaries, of such adoption.

(c) In the event of a withdrawal from the retirement system:

(1) If the employer withdrawing from the retirement system is either the Tennessee County Services Association or a development district, such employer shall be liable for the payment of retirement benefits to all vested members and beneficiaries thereof. The counties comprising the Tennessee County Services Association and the counties, cities or towns comprising a development district shall assume a pro rata share of this liability, if the assets of the employer are insufficient to satisfy this liability. In the event any county, city or town comprising the Tennessee County Services Association or a development district which is participating in the retirement system refuses to assume a pro rata share of such liability, such amounts may be withheld from state-shared taxes otherwise accruing to such county, city or town. Any amounts satisfied out of state-shared taxes shall be satisfied last from the two-cent gasoline tax; and

(2) The liability of any other employer participating under this chapter shall be limited to the present value of assets on hand at the time of withdrawal, unless such amount is insufficient to guarantee a return of contributions as hereinafter provided, for which the employer shall be fully liable. In the event



any employer refuses to satisfy this liability, such amounts shall become a lien on the property of the employer and may be withheld from state-shared taxes otherwise accruing as provided in subdivision (c)(1), or otherwise collected. The Tennessee County Services Association, the Tennessee County Highway Officials Association, the Tennessee County Commissioners' Association, the Tennessee Association of County Executives and the County Officials Association of Tennessee, or any or all of them, may, by resolution of their governing boards, enter into a mutual agreement whereby such entities may share accumulated assets proportionately to fund this liability on behalf of one another should the assets of any party to the agreement be insufficient to satisfy such liability. In the event of such an agreement, any optional provisions of the retirement plan desired by the contracting entities on and after the effective date of the agreement may only be authorized by the Board of Directors of the Tennessee County Services Association. It is the legislative intent that the state shall realize no increased cost as a result of such entities' participation in the retirement system. All costs associated with retirement coverage, including administrative costs, shall be the responsibility of such entities.

(d) The actuary of the retirement system shall determine by actuarial valuation the share of the assets of the retirement system attributable to contributions of the employer and its employees which is allocable to each beneficiary and each member.

(e) (1) The allocation of such assets shall be in the following order:

(A) First, each member and beneficiary shall be entitled to a share equal to the excess of such member's accumulated contributions less any benefits received; and

(B) Second, each beneficiary and each member who is vested shall be entitled to a share equal to the reserve computed to be required for such person's benefit credits accrued to the date of adoption of the withdrawal resolution, reduced by such person's share under subdivision (e)(1)(A).

(2) If the assets of any employer under subdivision (c)(2) are insufficient to provide in full for the shares under subdivision (e)(1)(B) after provision for all shares under subdivision (e)(1)(A), each share under subdivision (e)(1)(B) shall be reduced pro rata.

(3) The amount of assets so allocated to each such member may be used to provide for the member a paid up annuity beginning at the member's service retirement date, or beginning immediately in the case of a member who has attained such service retirement date, and the amount of assets so allocated to each beneficiary shall be used in providing such part of the member's existing retirement allowance as the amount so allocated will provide. When the payments under this subsection (e) have equalled the amount so established as a paid up annuity, such payments shall cease.

(4) The rights and privileges of both members, former members, and beneficiaries of such employers shall thereupon terminate, except as to the payment of the annuities so provided and the retirement allowances, or parts thereof, provided for the beneficiaries. Any contributions returned or service credit lost due to withdrawal by an employer may not be reestablished with the Tennessee consolidated retirement system pursuant to § 8-37-214 upon subsequent employment.

(5) If any assets remain after providing in full for the shares under subdivision (e)(1), the excess assets shall be returned to the employer.

(6) It is further provided that the retirement system shall not be liable for the payment of any retirement allowances or other benefits, accruing under the provisions of chapters 34-37, on account of employees or beneficiaries of the employers covered hereunder for which reserves have not been previously created from funds contributed by the employer or its employees for such benefits.



(f) Should any employer participating under this chapter cease to exist as a separate legal entity, the benefits payable on account of service rendered as an employee of the entity shall be determined in accordance with the provisions of this section.

Tenn. Code Ann. 8-35-217:

8-35-217. Participation by political subdivisions.

(a) (1) Any political subdivision electing to participate in the retirement system on or after July 1, 1983, in accordance with this part, shall participate in the provisions of the plan as they exist for state employees on the date of participation; except that prior service credit authorized in § 8-35-203(a)(2) shall remain optional.

(2) An irrevocable election of this option must be made on the date of participation.

(b) If an employer does not extend social security coverage to its employees, the employer is authorized, subject to the approval of the board, to establish a different benefit accrual rate, adopt different retirement eligibility service and age requirements, or to otherwise alter the pension plan benefit structure for all or for certain classes of its employees. Based on the advice of nationally recognized counsel employed by the Tennessee consolidated retirement system, any such alternative plan shall comply with all requirements of federal laws, rules, and regulations and also qualify as a social security replacement plan.

Tenn. Code Ann. 8-35-218:

8-35-218. Withdrawal by political subdivision.

(a) Upon giving at least one (1) year's advance notice in writing to the board of trustees, a political subdivision may terminate, effective July 1 following the end of the notice period, its participation in the retirement system, under the following terms and conditions:

(1) The political subdivision shall submit a resolution to withdraw from the retirement system, legally adopted by two thirds (2/3) of the membership of the chief legislative body of the political subdivision;

(2) The withdrawal shall apply to all departments of the political subdivision;

(3) Such resolution to withdraw may be rescinded and withdrawn by a resolution legally adopted and approved by the chief legislative body of the political subdivision at any time prior to the expiration of the one-year notice period;

(4) Employees who are members of the retirement system on the date such withdrawal resolution becomes effective shall continue membership in the retirement system until termination of employment, with the employer being liable for contributions and benefits as contained herein;

(5) An employee who is not yet a member but is serving a probationary period pursuant to § 8-35-107 on the date the withdrawal becomes effective shall have such probationary period waived and shall have thirty (30) days to elect to participate in the retirement system with the employer being liable for contributions as herein provided;

(6) Employees who are hired after the effective date of the resolution shall not be permitted to participate in the retirement system;

(7) Any employee who continues participation in the Tennessee consolidated retirement system shall not be eligible to participate in any other retirement system provided by the employer;



(8) Any employee who, upon termination of employment with such employer, withdraws service rendered to that employer shall not later be permitted to establish that service with the retirement system, unless the employer rejoins the retirement system pursuant to subdivision (a)(14). The establishment of such service shall be subject to the provisions of § 8-37-214;

(9) An employee of the withdrawing political subdivision shall not be permitted to retire, begin receiving a benefit, and continue working with the same employer;

(10) All members participating under this section, including retired former employees, shall be entitled to benefits according to the plan as it exists for such employer on the date of withdrawal;

(11) An actuarial valuation shall be completed by the system's actuary when an employer voluntarily withdraws from the retirement system pursuant to this section. The actuarial valuation shall determine the appropriate employer contributions to be made to the plan based on a level dollar contribution so as to amortize the unfunded accrued liability over a period of time established by the board of trustees, such period not to exceed a thirty-year period. The board of trustees may, at its discretion, reestablish the amortization period at any time provided such re-established period does not exceed thirty (30) years. The level dollar contribution amount shall be remitted monthly to the retirement system. Pursuant to § 8-34-506, the biennial valuation shall continue to be performed;

(12) Employer contributions may be adjusted as frequently as monthly should such additional contributions be needed to fund the benefits of members and beneficiaries covered under this section;

(13) Any liabilities resulting from this section shall be a liability of the employer and not the state. Should any required employer costs become delinquent, the commissioner of finance and administration, at the direction of the board of trustees of the retirement system, is authorized to withhold such amount or part of such amount from any state-shared taxes which are otherwise apportioned to such employer, and any amounts so withheld shall come last from the state shared gasoline tax designated in title 54, chapter 4;

(14) An employer may elect at a later date to rejoin the retirement system in accordance with § 8-35-201; provided, that any such resolution to rejoin shall be irrevocable and the employer shall not later be permitted to withdraw under the provisions of this section. The governing body of any such employer that rejoins the retirement system may pass a resolution to permit its employees to claim service credit for service rendered during the period from the date the employer withdrew from the retirement system through the date the employer rejoined the retirement system, if the employer authorizes the credit and assumes the employer liability for such prior service. Upon the authorization and assumption of the employer liability, any employee who meets the requirements of § 8-35-203(a)(2)(A) and (B) shall be entitled to receive credit for such service by making a lump sum payment of the contributions such employee would have made had such employee been a contributory member during the period claimed, plus interest at the rate provided for in § 8-37-214. The employer shall not have the option of paying the employee contributions required under this subdivision (a)(14); and

(15) A political subdivision that withdraws its participation from the retirement system and elects to participate in the state's deferred compensation plan pursuant to § 8-25-111, shall not be subject to the one-year advance notice requirement in this section; instead, the political subdivision shall give the board of trustees at least six (6) months advance written notice of the effective date of the withdrawal. The political subdivision shall submit a withdrawal resolution, legally adopted by two-thirds (2/3) of the membership of the chief legislative body of the political subdivision, at least six (6) months in advance of the political subdivision's effective date of the withdrawal, which shall be submitted on the first day of any quarter following the six-month minimum notice requirement. Such resolution to withdraw may be rescinded and withdrawn by a resolution legally adopted and approved by the chief legislative body of the political subdivision at any time prior to the expiration of the six-month notice period.



(b) Upon giving at least one (1) year's advance notice in writing to the board of trustees, a hospital, nursing home, transit authority, utility, or other instrumentality that operates under the direction of its own governing board and that is not subject to the general control and administration of the chief legislative body of the political subdivision may terminate, effective July 1 following the end of the notice period, its participation in the retirement system. To terminate such participation, the following terms and conditions must be met:

(1) The governing body of the instrumentality and the chief legislative body of the political subdivision shall each submit a resolution approving the withdrawal of the instrumentality from the retirement system. Both resolutions must be adopted by two thirds (2/3) of the membership of the chief legislative body of the political subdivision and of the governing body of the instrumentality;

(2) Either the instrumentality or the political subdivision may, by resolution legally adopted and approved by the respective governing body, rescind the resolution approving the withdrawal at any time prior to the expiration of the one-year notice period;

(3) Upon the effective date of any such withdrawal resolution, the current and future employees of the instrumentality shall be subject to the provisions of subdivisions (a)(4)-(9);

(4) All employees of the instrumentality that continue membership in the retirement system pursuant to subdivisions (a)(4) or (a)(5), including retired former employees, shall be entitled to benefits according to the plan as it exists for such instrumentality on the date of withdrawal, with the political subdivision being liable for contributions and benefits as provided in subdivisions (a)(11)-(13); and

(5) The political subdivision may elect at a later date to have the instrumentality rejoin the retirement system in accordance with § 8-35-201; provided, that any such resolution to rejoin shall be irrevocable and the instrumentality shall not later be permitted to withdraw under the provisions of this subsection (b). The employees of any such instrumentality that rejoins the retirement system may, pursuant to the terms and conditions described in subdivision (a)(14), establish service credit for service rendered during the period from the date the instrumentality withdrew from the retirement system through the date the instrumentality rejoined the retirement system.

Tenn. Code Ann. 8-35-232:

8-35-232. Entity ineligible to participate in retirement system if participation would adversely affect system's status as a qualified plan.

Notwithstanding any provision of this chapter to the contrary, no entity shall be eligible to participate in the retirement system if the chair of the Tennessee consolidated retirement system determines, in the chair's sole discretion, that the entity's participation could have a potentially adverse effect on the retirement system's status as a qualified plan under the Internal Revenue Code, codified in U.S.C. title 26, and regulations. In making such determination, the chair may rely on the advice of a nationally recognized counsel in the area of government employee benefit plans.

Retirement System website: <http://www.treasury.state.tn.us/tcrs/>

Utah

Utah Code Ann. 49-11-101 et seq. Utah State Retirement Systems Administration.

Utah Code Ann. 49-11-621



49-11-621. Change in employer -- Eligibility for retirement.

(1) If a participating employer is dissolved, consolidated, merged, or is structurally changed in any way, but similar services are provided by the same members after the change, the members may not be considered terminated for purposes of eligibility for retirement until the members actually terminate and are otherwise eligible for retirement.

(2) The board may adopt rules to implement this section.

Utah Code Ann. 49-11-622

49-11-622. Subsidiaries or other companies owned by independent corporations -- Participation -- Withdrawal.

(1) Notwithstanding any other provision of this title, an independent corporation, as defined in Section 63E-1-102, which participates in a system or plan prior to July 1, 2006, and which owns a subsidiary, or other company may provide for the participation of employees with that system or plan as follows:

(a) the independent corporation shall determine a date that is no later than January 1, 2007, on which the independent corporation shall make an election under Subsection (2);

(b) an employee hired by the independent corporation and transferred to a subsidiary, or other company on or after the date set under Subsection (1)(a) may not participate in a system or plan; and

(c) the independent corporation shall pay to the office any actuarial or administrative cost, determined by the office, to have arisen out of the transfer of the employees from the independent corporation.

(2) The independent corporation described under Subsection (1) shall elect to:

(a) continue its participation for all current employees covered by a system or plan and transferred to a subsidiary, or other company, as of the date set under Subsection (1)(a); or

(b) withdraw from participation in all systems or plans for all employees covered by a system or plan and transferred to the subsidiary, or other company, as of the date set under Subsection (1)(a).

(3) If an independent corporation elects to continue participation under Subsection (2)(a), the independent corporation and the transferred employees shall continue to be subject to the laws and the rules governing the system or plan in which the employee participates, including the accrual of service credit and payment of contributions.

Utah Code Ann. 49-11-623

Effective 3/30/2015

49-11-623. Withdrawing entity -- Participation election date -- Withdrawal costs -- Rulemaking.

(1) As used in this section, "withdrawing entity" means an entity that:

(a) participates in a system or plan under this title prior to July 1, 2014;

(b) provides mental health and substance abuse services for a county under Section 17-50-318;

(c) after beginning participation with a system or plan under this title, has modified its federal tax status to a nonprofit organization that qualifies under Section 501(c)(3) of the Internal Revenue Code; and

(d) is not a state institution of higher education as described in Section 53B-2-101.



(2) Notwithstanding any other provision of this title, a withdrawing entity may provide for the participation of its employees with that system or plan as follows:

(a) the withdrawing entity shall determine a date that is no later than January 1, 2017, on which the withdrawing entity shall make an election under Subsection (3); and

(b) subject to the provisions of Subsection (6), the withdrawing entity shall pay to the office any reasonable actuarial and administrative costs determined by the office to have arisen out of an election made under this section.

(3) The withdrawing entity described under Subsection (2) may elect to:

(a)

(i) continue its participation for all current employees of the withdrawing entity, who are covered by a system or plan as of the date set under Subsection (2)(a); and

(ii) withdraw from participation in all systems or plans for all persons initially entering employment with the withdrawing entity, beginning on the date set under Subsection (2)(a); or

(b) withdraw from participation in all systems or plans for all current and future employees of the withdrawing entity, beginning on the date set under Subsection (2)(a).

(4)

(a) An election provided under Subsection (3):

(i) is a one-time election made no later than the date specified under Subsection (2)(a);

(ii) shall be documented by a resolution adopted by the governing body of the withdrawing entity;

(iii) is irrevocable; and

(iv) applies to the withdrawing entity as the employer and to all employees of the withdrawing entity.

(b) Notwithstanding an election made under Subsection (3), any eligibility for service credit earned by an employee under this title before the date specified under Subsection (2)(a) is not affected by this section.

(5) If a withdrawing entity elects to continue participation under Subsection (3), the withdrawing entity shall continue to be subject to the laws and the rules governing the system or plan in which an employee participates, including the accrual of service credit and payment of contributions.

(6) Before a withdrawing entity may withdraw under this section, the withdrawing entity and the office shall enter into an agreement on:

(a) the costs described under Subsection (2)(b); and

(b) arrangements for the payment of the costs described under Subsection (2)(b).

(7) The board shall make rules to implement this section.

Amended by Chapter 364, 2015 General Session

Retirement System website: <https://www.urs.org/>



This publication is provided for educational and informational purposes only and does not contain legal advice. The information should in no way be taken as an indication of future legal results. The publication will not be updated after it is posted and may become outdated. Accordingly, you should not act on any information provided without consulting legal counsel.

To comply with U.S. Treasury Regulations, we also inform you that, unless expressly stated otherwise, any tax advice contained in this communication is not intended to be used and cannot be used by any taxpayer to avoid penalties under the Internal Revenue Code, and such advice cannot be quoted or referenced to promote or market to another party any transaction or matter addressed in this communication.



Stephen I. Jurmu
Shareholder
Lansing
313 South Washington Square
Lansing, MI 48933-2114
T 517.371.8260
F 517.371.8200

Steve I. Jurmu has spent many years helping clients navigate the complex web of regulations relating to employee benefits for public and private employers. He works with clients to design benefit plans that comply with applicable rules and when questions are raised, he helps them to resolve disputes arising from IRS and U.S. Department of Labor audits and administrative proceedings.

©2017, Foster Swift & Collins PC. All rights reserved.

99999:TGAST:3125986-3