

Sec. 40. Picked-Up (Pre-Tax) Member Contributions.

- (1) A participating municipality or court that first required member contributions on account of compensation earned after May 22, 1992 shall pick up member contributions.
- (2) The picked up contributions shall be treated as participating municipality or court contributions for the purpose of determining tax treatment under the IRC. The participating municipality or court shall pay contributions picked up under Contribution Program P from the same source of funds that are used for paying compensation to the member.
- (3) A participating municipality or court shall pick up member contributions by a reduction in the member's cash salary or an offset against a future salary increase, or both. The participating municipality or court shall designate contributions that are picked up and paid to the Retirement System as employer contributions in lieu of employee contributions. The members who participate in Contribution Program P shall not have the option of receiving the contributed amounts directly instead of having those amounts paid to the System.