

Sec. 79. Funding Objective of Retirement System; Contribution Requirement; Payment of Required Contributions; Interest and Penalty Charges; Suspension of Benefits.

- (1) The funding objective of the Retirement System is to establish and receive contributions during each fiscal year that are sufficient to fully cover the actuarial cost of benefits likely to be paid on account of service rendered by members during the fiscal year (the normal cost requirements of the Retirement System), and amortize the unfunded actuarial costs of benefits likely to be paid on account of service rendered before the fiscal year (the unfunded actuarial accrued liability of the Retirement System), consistent with the Michigan Constitution, article 9, section 24. Distinct contribution requirements shall be established for each participating municipality and court.
- (2) Contribution requirements shall be actuarially determined using experience assumptions and level percent of payroll actuarial cost methods adopted by the Retirement Board.
- (3) The Retirement System shall annually inform each participating municipality and court of its contribution obligation for the fiscal year. The contribution requirement shall be paid to the Retirement System pursuant to procedures and schedules established by the Retirement Board. The Retirement System may assess an interest charge and a penalty charge on any payment not made by its due date.
- (4) If a participating municipality or court fails to make its required pension contributions, the Retirement System may suspend benefits to retirees and beneficiaries until it receives the delinquent payment amount. The Retirement System may implement interest charges and penalties pursuant to the Retirement Board's Amended Enforcement Procedure for Prompt Reporting and Payment. The Retirement Board may terminate a plan which remains in default under this section and distribute accrued benefits to the extent funded.