

By Representative Blanchette of Lawrence and Senator Olver, joint petition of Kevin P. Blanchette, John W. Olver, Thomas S. Cahir, Timothy F. O'Leary and Charles F. Flaherty for legislation to authorize certain deductions as contributions to the public employee retirement system. Public Service.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Eighty-Eight.

AN ACT TO PERMIT THE DEDUCTIBILITY OF RETIREMENT CONTRIBUTIONS.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Section 22 of chapter 32, of the General Laws is hereby amended  
2 by adding the following subdivision: —

3 (10) Each governmental unit to which a system pertains and  
4 any free public library the employees of which are eligible for  
5 membership in a system, pursuant to the provisions of section four  
6 hundred and fourteen (h)(2) of the United States Internal Revenue  
7 Code shall pick up and pay the contributions which would be  
8 payable by the employees as members under paragraph (b) of  
9 subdivision (i). The contributions so picked up shall be treated  
10 as employer contributions in determining tax treatment under the  
11 United States Internal Revenue Code. Employee contributions  
12 which are picked up pursuant to this subdivision shall be treated  
13 and identified as member contributions for all purposes of the  
14 retirement system, except as specifically provided to the contrary  
15 in this subdivision.

16 Employee contributions picked up pursuant to this subdivision  
17 shall be paid from the same source of funds used for the payment  
18 of compensation to an employee. A deduction shall be made from  
19 an employee's compensation equal to the amounts of the  
20 employee's contributions picked up by the employer. This  
21 deduction, however, shall not reduce the employee's compensa-  
22 tion for purposes of computing benefits under the retirement

23 system pursuant to this chapter or for purposes of determining  
24 any other employee benefits. Picked up contributions shall be  
25 transferred to the retirement system of which the employee is a  
26 member in accordance with the provisions of paragraph (h) of  
27 subdivision (1) and shall be credited to a separate fund within the  
28 employee's account in the Annuity Savings Fund of such system  
29 in order that the amounts contributed prior to the effective date  
30 for the pickup of employee contributions may be distinguished  
31 from the amounts contributed on or after the date on which the  
32 governmental employer is required by law to pick up the  
33 employee's contributions.