

Solutions that would affect FUTURE PERS MEMBERS (new employees.)

6. Create new modest 401 (k) style defined contribution plan for Legislators and get them out of PERS—avoid the conflict of interest.

There is an inherent conflict of interest for Legislators to be members of the same multi-billion dollar retirement plan that they oversee.

Some have suggested that Legislators, as temporary elected representatives of the people, should not have any State-funded retirement plan.

Others have suggested giving Legislators a modest 401(k) style defined contribution plan with a 3% employer contribution and an additional employer-employee match of up to 3% (similar to the contribution amounts suggested for the Tier 4 plan discussed in potential solution #5).

If a Legislator's plan were to be implemented, the plan should be independent from the PERS system. It could be administered by an independent retirement administrator, such as TIAA-CREF, and it should be portable. Portability would allow the Legislator-employee to roll his account over into an IRA or private 401 (k) plan when the Legislator finishes his or her service in the House and Senate.

The State of Michigan has implemented a similar plan for its legislators.