

(1) (a) The Annuity Savings Fund shall be a fund [in which shall be] CONSISTING OF accumulated contributions [deducted from the compensation] CREDITED TO INDIVIDUAL ACCOUNTS of members to provide for their annuities.

(b) Commencing as of July 1, 1973, the head of the department shall cause to be deducted from the salary of each member on each and every payroll of such department for each and every payroll period, eight per centum of his earnable compensation. After June 30, 1981, or the termination date of any prior contract, the full 8 percent of the member's earnable compensation may not be provided for except as a deduction from the salary of the member. In determining the amount earnable by a member in a payroll period, the board of trustees may consider the annual compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period and it may omit deduction from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as shall not exceed one tenth of one percentum of the annual compensation upon the basis of which such deduction is made.

(G) (I) AFTER JANUARY 1, 1989, THE STATE SHALL PICK UP THE MEMBER CONTRIBUTIONS REQUIRED UNDER PARAGRAPH (B) OF THIS SUBSECTION FOR SERVICE RENDERED BY THE MEMBER FROM JANUARY 1, 1989.

(II) THE CONTRIBUTIONS PICKED UP UNDER ITEM (I) OF THIS PARAGRAPH SHALL:

1. BE TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING TAX TREATMENT UNDER SECTION 414(H)(2) OF THE INTERNAL REVENUE CODE, AS AMENDED;

2. BE IMPLEMENTED BY A REDUCTION, EQUAL TO THE AMOUNT OF THE PICKUP, OF THE COMPENSATION OF EACH MEMBER REQUIRED TO MAKE CONTRIBUTIONS TO THE ANNUITY SAVINGS FUND UNDER THIS SUBSECTION AND MAY NOT BE INCLUDED AS GROSS INCOME OF THE MEMBER UNTIL THE PICKUP AMOUNTS ARE DISTRIBUTED OR MADE AVAILABLE TO THE MEMBER;

3. BE PAID BY THE STATE FROM THE SAME SOURCE OF FUNDS USED IN PAYING COMPENSATION TO THE MEMBER; AND

4. BE TREATED FOR ALL PURPOSES OF THIS ARTICLE IN THE SAME MANNER AND TO THE SAME EXTENT AS CONTRIBUTIONS MADE BY A MEMBER PRIOR TO JANUARY 1, 1989.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 10-205(f) and 10-207(t) through (w), respectively, of Article -