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## PSERS; CALCULATION OF "13TH CHECK"

**House Bill 5173**

**Sponsor: Rep. Jon Jellema**

**Committee: Senior Health, Security and  
Retirement**

**Complete to 1-27-00**

### **A SUMMARY OF HOUSE BILL 5173 AS INTRODUCED 12-8-99**

The Public School Employees Retirement Act provides for the distribution of a "13th check" to certain retirees. This extra payment is made to Basic Plan retirees (who do not receive an annual cost-of-living adjustment ) in years when the investment income earned on the pension reserve funds of current retirees exceeds 8 percent. Retirees who are part of the Member Investment Plan (MIP) do not receive the 13th check, but they do receive 3 percent annual post-retirement adjustments and other benefits. (A third group, people who retired before 1987, receive both a 3 percent annual adjustment and the 13th check, but the value of their 13th check is decreased by the value of their accumulated COLA increases.) House Bill 5173 would amend the act to specify that the calculation of the excess investment income used to make the 13th check payout would include only funds attributed to pension assets associated with those retirees who receive the 13th check, and would not include assets attributed to MIP members.

MCL 38.1404a

House Bill 5173 (1-27-00)

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