

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 547

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 43a (MCL 38.1343a), as amended by 2002 PA 94,
and by adding section 60.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 43a. (1) The contributions of a member who contributes
2 to the member investment plan shall be deducted by the employer
3 and remitted as employer contributions to the retirement system
4 pursuant to section 42. A member who contributes to the member
5 investment plan is entitled to the benefits provided in sections
6 43b and 43c.

7 (2) Until December 31, 1989, a member who first became a
8 member on or before December 31, 1989, and who elected or elects
9 on or before December 31, 1989 to contribute to the member

1 investment plan shall contribute 4% of the member's compensation
2 to the member investment plan and beginning January 1, 1990 shall
3 contribute 3.9% of the member's compensation to the member
4 investment plan.

5 (3) On or before January 1, 1993, a member who first became
6 a member on or before December 31, 1989, except as otherwise
7 provided in subsection (4), and who did not elect to make
8 contributions to the member investment plan, may irrevocably
9 elect to make the contributions described in subsection (2). In
10 addition to making the contributions required under subsection
11 (2), a member who elects to make contributions to the member
12 investment plan under this subsection shall make a contribution
13 of 4% of the compensation received on or after January 1, 1987 to
14 December 31, 1989, and 3.9% of the compensation received on or
15 after January 1, 1990 to the date of the election, plus an amount
16 equal to the compound interest that would have accumulated on
17 those contributions as described in section 33, plus an amount
18 equal to the net actuarial cost of the additional benefits
19 attributable to service credited before January 1, 1987, as
20 determined by the retirement board. The method and timing of
21 payment by a member under this subsection shall be determined by
22 the retirement board. The contributions made under this
23 subsection shall be deposited into the reserve for employee
24 contributions.

25 ~~(4) Except as otherwise provided in subsection (8), a~~
26 member who first became a member on or before December 31, 1986
27 but did not perform membership service between December 31, 1986

1 and January 1, 1990, and who returns to membership service on or
 2 after January 1, 1990 **AND BEFORE JULY 1, 2008** shall make the
 3 contributions described in subsection (7).

4 ~~(5) Except as otherwise provided in subsection (8), a A~~
 5 member who first became a member on or after January 1, 1990 **AND**
 6 **BEFORE JULY 1, 2008** shall make the contributions described in
 7 subsection (7).

8 (6) A member who first became a member on or after January
 9 1, 1987 but before January 1, 1990 shall have 30 days from his or
 10 her first date of employment to irrevocably elect to make the
 11 contributions described in subsection (2).

12 ~~(7) Except as otherwise provided in subsection (8), a A~~
 13 member who first became a member on or after January 1, 1990 **AND**
 14 **BEFORE JULY 1, 2008** shall contribute the following amounts to the
 15 member investment plan:

16 <u>Member's annual school fiscal</u>	<u>Amount payable to the member</u>
17 <u>year earned compensation</u>	<u>investment plan</u>
18 Not over \$5,000.00	3% of member's compensation
19 Over \$5,000.00 but not over	\$150.00, plus 3.6% of the
20 \$15,000.00	excess over \$5,000.00
21 Over \$15,000.00	\$510.00, plus 4.3% of the
22	excess over \$15,000.00

23 ~~—— (8) This section and sections 43b and 43c shall not apply~~
 24 ~~until the department receives notification from the United States~~
 25 ~~internal revenue service that contributions under this section~~
 26 ~~picked up by the employer pursuant to section 42 shall not be~~

Senate Bill No. 547 (H-5) as amended October 1, 2007

1 ~~included as gross income of the member until they are distributed~~
 2 ~~or made available to the member, retirant, retirement allowance~~
 3 ~~beneficiary, or refund beneficiary.~~

4 (8) A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JULY 1,
 5 2008 SHALL CONTRIBUTE THE FOLLOWING AMOUNTS TO THE MEMBER
 6 INVESTMENT PLAN:

7 <u>MEMBER'S ANNUAL SCHOOL</u>	<u>AMOUNT PAYABLE TO THE MEMBER</u>
8 <u>FISCAL YEAR EARNED COMPENSATION</u>	<u>INVESTMENT PLAN</u>
9 NOT OVER \$5,000.00	3% OF MEMBER'S COMPENSATION
10 OVER \$5,000.00 BUT NOT OVER	\$150.00, PLUS 3.6% OF EXCESS
11 \$15,000.00	OVER \$5,000.00
12 OVER \$15,000.00	\$510.00, PLUS 6.4% OF THE
13	EXCESS OVER \$15,000.00

14 SEC. 60. NOTWITHSTANDING ANY PROVISION OF THIS ACT TO THE
 15 CONTRARY, ON AND AFTER JULY 1, 2008, A MEMBER SHALL NOT PURCHASE
 16 SERVICE CREDIT UNDER THIS ACT UNLESS THE MEMBER HAS BEEN GRANTED
 17 AT LEAST [2] YEARS OF SERVICE CREDIT UNDER SECTION 68.

18 Enacting section 1. This amendatory act does not take effect
 19 unless all of the following bills of the 94th Legislature are
 20 enacted into law:

21 (a) House Bill No. 5194.

22 (b) House Bill No. 5198.