

**THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979 (EXCERPT)**  
**Act 300 of 1980**

**38.1346 Benefits; exemption from taxation; subject to taxation beginning January 1, 2012; offset of retirement benefits or refunds; forfeiture of service credit.**

Sec. 46.

(1) Except as otherwise provided in this section, a retirement allowance, an optional benefit, or any other benefit accrued or accruing to a person under this act, the reserves created by this act, and the money, investments, or income of those reserves are exempt from state, county, municipal, or other local tax and are subject to the public employee retirement benefit protection act, 2002 PA 100, MCL 38.1681 to 38.1689.

(2) Beginning January 1, 2012, a retirement allowance, an optional benefit, or any other benefit accrued or accruing to a person under this act is subject to state tax upon distribution to the person from the various funds created by this act.

(3) The retirement system may offset retirement benefits or refunds payable under this act against amounts owed to the retirement system by a member, retirant, retirement allowance beneficiary, or refund beneficiary.

(4) If the retirement system is required by the federal government pursuant to a court order to transmit a part of a member's contributions standing to the member's credit in the reserve for employee contributions to a federal agency, the service credit that is covered by the payment shall be forfeited in the same manner as if the employee had requested and been paid a refund of the member's most recent contributions.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980 ;-- Am. 1985, Act 40, Imd. Eff. June 13, 1985 ;-- Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989 ;-- Am. 1991, Act 47, Imd. Eff. June 27, 1991 ;-- Am. 2002, Act 94, Imd. Eff. Mar. 27, 2002 ;-- Am. 2011, Act 42, Imd. Eff. May 25, 2011

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