

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

**38.1384b Retirement allowance for member making alternative election under section 59(2)(a) or (b); calculation; items of credited service under section 59(1); accumulation of years of service credit for purpose of vesting; calculation of retirement allowance under section 59(1) but not making attainment date designation; "attainment date" defined.**

Sec. 84b.

(1) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member who did not make the election under section 59(1) and who made or is considered to have made the alternative election under section 59(2)(a) must include only the following items of credited service, as applicable, multiplied by 1.5% of final average compensation as provided in section 84:

- (a) The years and fraction of a year of credited service accrued to the member before the transition date.
- (b) Service credit that was purchased before February 1, 2013.
- (c) Service credit that is purchased under a payment plan under this act that was in effect as of February 1, 2013.
- (d) Credit for years of service under sections 73 and 108(10).

(2) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member described in subsection (1) must also include the following items of credited service, as applicable, multiplied by 1.25% of final average compensation:

- (a) The years and fraction of a year of credited service accrued to the member on and after the transition date.
- (b) Service credit that was purchased on and after February 1, 2013, except as provided in subsection (1)(c).

(3) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member who did not make the election under section 59(1) and who made the alternative election under section 59(2)(b) must include only the following items of credited service, as applicable, multiplied by 1.5% of final average compensation as provided in section 84:

- (a) The years and fraction of a year of credited service accrued to the member before the transition date.
- (b) Service credit that was purchased before February 1, 2013.
- (c) Service credit that is purchased under a payment plan under this act that was in effect as of January 31, 2013.
- (d) Credit for years of service under sections 73 and 108(10).

(4) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member described in subsection (3) must not include any year or fraction of a year of service performed by the member on and after the transition date or any service credit that is purchased by the member after February 1, 2013, except as provided in subsection (3)(c). Beginning with the first payroll date after the transition date, and ending on the member's termination of service, the employer of a member described in subsection (3) shall contribute 4% of the member's compensation as defined in section 122(2) to the member's Tier 2 account. A member is vested in employer contributions made under this subsection according to the vesting provisions under section 132. A member must be credited with years of service accrued under Tier 1 as of the transition date for purposes of meeting the applicable vesting requirements. Beginning with the first payroll date after 90 days after the effective date of the 2018 amendatory act that amended this section, all of the following apply to a member described in subsection (3):

(a) Unless the member affirmatively elects not to contribute or elects to contribute a lesser amount, the member shall contribute 3% of his or her compensation to his or her Tier 2 account.

(b) The member's employer shall make a contribution to the member's Tier 2 account in an amount equal to 100% of the first 3% of compensation contributed by the member under subdivision (a).

(5) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member who makes the election and attainment date designation under section 59(1) must include only the following items of credited service, as applicable, multiplied by 1.5% of final average compensation as provided in section 84:

- (a) The years and fraction of a year of credited service accrued to the member on or before the attainment date.
- (b) Service credit that was purchased on or before the attainment date.
- (c) Service credit that is purchased under a payment plan under this act that was in effect as of the attainment date.

- (d) Credit for years of service under sections 73 and 108(10).

(6) Beginning February 1, 2013, the calculation of a retirement allowance under this act for a member described in subsection (5) must also include the following items of credited service, as applicable, multiplied by 1.25% of final average compensation:

- (a) The years and fraction of a year of credited service accrued to the member on and after the attainment date.
- (b) Service credit that was purchased on and after the attainment date, except as provided in subsection (5)(c).

(7) Beginning on the transition date, a member described in subsection (1), (3), or (5) must continue to accumulate years of service credit as necessary for the purpose of vesting in a retirement allowance and to

determine when a retirement allowance may begin under this act, regardless of when the service credit was accrued, except as otherwise provided in section 59(8). A member described in subsection (1), (3), or (5) must continue to be treated as a member for all purposes, except as otherwise provided in section 59(8) and except for the limitations on credited service and calculation of a retirement allowance as provided in subsections (1) through (6).

(8) The calculation of a retirement allowance under this act for a member who makes the election under section 59(1) but who does not make the attainment date designation under section 59(1) must include all items of credited service accrued to the member, regardless of when the service credit was accrued, which must be multiplied by 1.5% of final average compensation as provided in section 84.

(9) As used in this section, "attainment date" means the final day of the pay period in which the member attains 30 years of credited service.

**History:** Add. 2012, Act 300, Imd. Eff. Sept. 4, 2012 ;-- Am. 2012, Act 359, Imd. Eff. Dec. 14, 2012 ;-- Am. 2018, Act 169, Imd. Eff. June 4, 2018

**Compiler's Notes:** Enacting section 2 of Act 300 of 2012 provides: "Enacting section 2. (1) If the office of retirement services in the department of technology, management, and budget receives notification from the United States internal revenue service that any section or any portion of a section of this amendatory act will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply." (2) The provisions of this amendatory act are severable. If any part of this amendatory act is declared invalid or unconstitutional, that declaration shall not affect the remaining part of this amendatory act."

**Popular Name:** Act 300