

**SUBSTITUTE FOR  
HOUSE BILL NO. 5092**

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 131 (MCL 38.1431), as amended by 2017 PA 92.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 131. (1) This section is subject to the vesting  
2 requirements of section 132.

3           (2) Unless a qualified participant who is also a member of  
4 Tier 1 affirmatively elects not to contribute or elects to  
5 contribute a lesser amount, the qualified participant who is also a  
6 member of Tier 1 shall contribute 2% of his or her compensation to  
7 his or her Tier 2 account. The qualified participant's employer  
8 shall make a contribution to the qualified participant's Tier 2  
9 account in an amount equal to 50% of the first 2% of compensation  
10 contributed by the qualified participant under this subsection.

1           (3) A qualified participant may make contributions in addition  
2 to contributions made under subsection (2) to his or her Tier 2  
3 account as permitted by the department and the internal revenue  
4 code.

5           (4) On the written determination of the director of the office  
6 of retirement services, an employee of an employer that is not a  
7 qualified participant may elect to make contributions to a Tier 2  
8 account as permitted by the department and the internal revenue  
9 code. An employee as described in this subsection is treated as a  
10 qualified participant under this article for the limited purposes  
11 of his or her Tier 2 account.

12           (5) On the written determination of the director of the office  
13 of retirement services, an employer may annually elect to make  
14 additional matching contributions, including those in addition to  
15 matching contributions made under subsections (2) and (6), to an  
16 employee's Tier 2 account as permitted by the plan document and the  
17 internal revenue code. Matching contributions under this subsection  
18 must be made in amounts equal to 50% of the contributions made by  
19 the employee not to exceed the first 4% of contributions made in  
20 whole percentages only, for any employee in addition to amounts  
21 that are already matched under this section, if any.

22           (6) Except as otherwise provided in section 81d, unless a  
23 qualified participant who is only a Tier 2 qualified participant  
24 due to an election made under section 81d(1) affirmatively elects  
25 not to contribute or elects to contribute a lesser amount, the  
26 qualified participant shall contribute 6% of his or her  
27 compensation to his or her Tier 2 account. Until January 31, 2018,

1 the qualified participant's employer shall make a contribution to  
2 the qualified participant's Tier 2 account in an amount equal to  
3 50% of the first 6% of compensation contributed by the qualified  
4 participant under this subsection. Beginning February 1, 2018, the  
5 qualified participant's employer shall make a contribution to the  
6 qualified participant's Tier 2 account in an amount equal to 100%  
7 of the first 3% of compensation contributed by the qualified  
8 participant under this subsection. Beginning February 1, 2018, all  
9 contributions made by an employer under this subsection must be  
10 paid by **SPECIFIC** appropriation from the state school aid fund  
11 established by section 11 of article IX of the state constitution  
12 of 1963, assuming 100% participation by all qualified participants.  
13 **THE LEGISLATURE SHALL ANNUALLY APPROPRIATE MONEY FOR THE SPECIFIC**  
14 **APPROPRIATION DESCRIBED IN THIS SUBSECTION.**

15 (7) For a qualified participant who is only a Tier 2 qualified  
16 participant under section 81d, beginning with the first available  
17 pay period after October 1, 2017, the qualified participant's  
18 employer shall make a contribution to the qualified participant's  
19 Tier 2 account in an amount equal to 4% of the qualified  
20 participant's compensation.