## 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 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

- and January 1, 1990, and who returns to membership service on or 1
- 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
- member who first became a member on or after January 1, 1990 AND
- BEFORE JULY 1, 2008 shall make the contributions described in
- subsection (7). 7
- (6) A member who first became a member on or after January 8
- 1, 1987 but before January 1, 1990 shall have 30 days from his or 9
- her first date of employment to irrevocably elect to make the 10
- contributions described in subsection (2). 11
- 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
- BEFORE JULY 1, 2008 shall contribute the following amounts to the 14
- member investment plan: 15
- 16 Member's annual school fiscal
- 17 year earned compensation
- 18 Not over \$5,000.00
- Over \$5,000.00 but not over 19
- 20 \$15,000.00
- 21 Over \$15,000.00
- 22

- Amount payable to the member
- investment plan
- 3% of member's compensation
- \$150.00, plus 3.6% of the
- excess over \$5,000.00
- \$510.00, plus 4.3% of the
- excess over \$15,000.00
- 23 (8) This section and sections 43b and 43c shall not apply
- until the department receives notification from the United States 24
- internal revenue service that contributions under this section 25
- picked up by the employer pursuant to section 42 shall not be 26

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

7	MEMBER'S ANNUAL SCHOOL	AMOUNT PAYABLE TO THE MEMBER
8	FISCAL YEAR EARNED COMPENSATION	INVESTMENT PLAN
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

- SEC. 60. NOTWITHSTANDING ANY PROVISION OF THIS ACT TO THE 14
- 15 CONTRARY, ON AND AFTER JULY 1, 2008, A MEMBER SHALL NOT PURCHASE
- SERVICE CREDIT UNDER THIS ACT UNLESS THE MEMBER HAS BEEN GRANTED 16
- AT LEAST [2] YEARS OF SERVICE CREDIT UNDER SECTION 68. 17
- Enacting section 1. This amendatory act does not take effect 18
- 19 unless all of the following bills of the 94th Legislature are
- 20 enacted into law:
- (a) House Bill No. 5194. 21
- 22 (b) House Bill No. 5198.