

# HOUSE BILL No. 6054

May 11, 2006, Introduced by Rep. Cushingberry and referred to the Committee on Education.

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.

**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 member  
26 who first became a member on or before December 31, 1986 but did  
27 not perform membership service between December 31, 1986 and

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

4 (5) Except as otherwise provided in subsection (8), a member  
 5 who first became a member on or after January 1, 1990 shall make  
 6 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 (7) Except as otherwise provided in subsection (8), a member  
 12 who first became a member on or after January 1, 1990 shall  
 13 contribute the following amounts to the member investment plan:

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

21 (8) A MEMBER OR FORMER MEMBER WHO FIRST BECAME A MEMBER ON  
 22 OR BEFORE JANUARY 1, 1990 AND WHO PREVIOUSLY ELECTED NOT TO  
 23 CONTRIBUTE TO THE MEMBER INVESTMENT PLAN SHALL HAVE 180 DAYS FROM  
 24 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS  
 25 SUBSECTION TO MAKE THE CONTRIBUTIONS REQUIRED UNDER SUBSECTION  
 26 (2) AND ANY ADDITIONAL CONTRIBUTIONS THAT THE RETIREMENT BOARD  
 27 CONSIDERS NECESSARY. THE RETIREMENT BOARD SHALL DETERMINE THE

1 **METHOD AND TIMING OF PAYMENT BY A MEMBER UNDER THIS SUBSECTION.**

2       (9) ~~—(8)—~~ This section and sections 43b and 43c shall not  
3 apply until the department receives notification from the United  
4 States internal revenue service that contributions under this  
5 section picked up by the employer pursuant to section 42 shall  
6 not be included as gross income of the member until they are  
7 distributed or made available to the member, retirant, retirement  
8 allowance beneficiary, or refund beneficiary.