

HOUSE BILL No. 4853

May 25, 2007, 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
10 investment plan shall contribute 4% of the member's compensation

1 to the member investment plan and beginning January 1, 1990 shall
2 contribute 3.9% of the member's compensation to the member
3 investment plan.

4 (3) On or before January 1, 1993, a member who first became
5 a member on or before December 31, 1989, except as otherwise
6 provided in subsection (4), and who did not elect to make
7 contributions to the member investment plan, may irrevocably
8 elect to make the contributions described in subsection (2). In
9 addition to making the contributions required under subsection
10 (2), a member who elects to make contributions to the member
11 investment plan under this subsection shall make a contribution
12 of 4% of the compensation received on or after January 1, 1987 to
13 December 31, 1989, and 3.9% of the compensation received on or
14 after January 1, 1990 to the date of the election, plus an amount
15 equal to the compound interest that would have accumulated on
16 those contributions as described in section 33, plus an amount
17 equal to the net actuarial cost of the additional benefits
18 attributable to service credited before January 1, 1987, as
19 determined by the retirement board. The method and timing of
20 payment by a member under this subsection shall be determined by
21 the retirement board. The contributions made under this
22 subsection shall be deposited into the reserve for employee
23 contributions.

24 (4) Except as otherwise provided in subsection (8), a member
25 who first became a member on or before December 31, 1986 but did
26 not perform membership service between December 31, 1986 and
27 January 1, 1990, and who returns to membership service on or

1 after January 1, 1990 shall make the contributions described in
2 subsection (7).

3 (5) Except as otherwise provided in subsection (8), a member
4 who first became a member on or after January 1, 1990 shall make
5 the contributions described in subsection (7).

6 (6) A member who first became a member on or after January
7 1, 1987 but before January 1, 1990 shall have 30 days from his or
8 her first date of employment to irrevocably elect to make the
9 contributions described in subsection (2).

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

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

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