

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5093

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 84b (MCL 38.1384b), as amended by 2012 PA 359.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

8 (a) The years and fraction of a year of credited service

1 accrued to ~~that~~**THE** member before the transition date.

2 (b) Service credit that was purchased before February 1, 2013.

3 (c) Service credit that is purchased under a payment plan
4 ~~pursuant to~~**UNDER** this act that was in effect as of February 1,
5 2013.

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

7 (2) Beginning February 1, 2013, the calculation of a
8 retirement allowance under this act for a member described in
9 subsection (1) ~~shall~~**MUST** also include the following items of
10 credited service, as applicable, multiplied by 1.25% of final
11 average compensation:

12 (a) The years and fraction of a year of credited service
13 accrued to ~~that~~**THE** member on and after the transition date.

14 (b) Service credit that was purchased on and after February 1,
15 2013, except as provided in subsection (1)(c).

16 (3) Beginning February 1, 2013, the calculation of a
17 retirement allowance under this act for a member who did not make
18 the election under section 59(1) and who made the alternative
19 election under section 59(2)(b) ~~shall~~**MUST** include only the
20 following items of credited service, as applicable, multiplied by
21 1.5% of final average compensation as provided in section 84:

22 (a) The years and fraction of a year of credited service
23 accrued to ~~that~~**THE** member before the transition date.

24 (b) Service credit that was purchased before February 1, 2013.

25 (c) Service credit that is purchased under a payment plan
26 ~~pursuant to~~**UNDER** this act that was in effect as of January 31,
27 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) ~~shall~~**MUST** not include any year or fraction of a year of service performed by ~~that~~**THE** member on and after the transition date or any service credit that is purchased by ~~that~~**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 ~~upon~~**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 ~~shall~~**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

1 retirement allowance under this act for a member who makes the
2 election and attainment date designation under section 59(1) ~~shall~~
3 **MUST** include only the following items of credited service, as
4 applicable, multiplied by 1.5% of final average compensation as
5 provided in section 84:

6 (a) The years and fraction of a year of credited service
7 accrued to ~~that~~ **THE** member on or before the attainment date.

8 (b) Service credit that was purchased on or before the
9 attainment date.

10 (c) Service credit that is purchased under a payment plan
11 ~~pursuant to~~ **UNDER** this act that was in effect as of the attainment
12 date.

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

14 (6) Beginning February 1, 2013, the calculation of a
15 retirement allowance under this act for a member described in
16 subsection (5) ~~shall~~ **MUST** also include the following items of
17 credited service, as applicable, multiplied by 1.25% of final
18 average compensation:

19 (a) The years and fraction of a year of credited service
20 accrued to ~~that~~ **THE** member on and after the attainment date.

21 (b) Service credit that was purchased on and after the
22 attainment date, except as provided in subsection (5)(c).

23 (7) Beginning on the transition date, a member described in
24 subsection (1), (3), or (5) ~~shall~~ **MUST** continue to accumulate years
25 of service credit as necessary for the purpose of vesting in a
26 retirement allowance and to determine when a retirement allowance
27 may begin under this act, regardless of when the service credit was

1 accrued, except as otherwise provided in section 59(8). A member
2 described in subsection (1), (3), or (5) ~~shall~~**MUST** continue to be
3 treated as a member for all purposes, except as otherwise provided
4 in section 59(8) and except for the limitations on credited service
5 and calculation of a retirement allowance as provided in
6 subsections (1) through (6).

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

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