

HOUSE BILL No. 5711

March 23, 1992, Introduced by Rep. Robertson and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 69, 69c, 69f, 74, and 75 of Act No. 300 of the Public Acts of 1980, entitled as amended "The public school employees retirement act of 1979," sections 1369, 1369c, 1374, and 1375 as amended and section 1369f as added by Act No. 194 of the Public Acts of 1989, being sections 38.1369, 38.1369c, 38.1369f, 38.1374, and 38.1375 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 69, 69c, 69f, 74, and 75 of Act No. 300
2 of the Public Acts of 1980, sections 1369, 1369c, 1374, and 1375
3 as amended and section 1369f as added by Act No. 194 of the
4 Public Acts of 1989, being sections 38.1369, 38.1369c, 38.1369f,
5 38.1374, and 38.1375 of the Michigan Compiled Laws, are amended
6 to read as follows:

1 Sec. 69. (1) As a condition for granting membership or
2 prior service credit under this act for out of system public
3 education service, a member shall pay to the retirement system an
4 amount equal to the amount the member would have contributed pur-
5 suant to the schedule governing member contributions in effect at
6 the time of that service had the service been performed under
7 this act or former Act No. 136 of the Public Acts of 1945,
8 together with regular interest from the end of the school fiscal
9 year in which service was performed to the semiannual anniversary
10 of the date following the payment, and shall have 5 years of
11 reporting unit service credit under this act or former Act
12 No. 136 of the Public Acts of 1945, following the out of system
13 public education service.

14 (2) A member shall not be entitled to a retirement allowance
15 based on out of system public education service that was per-
16 formed after July 1, 1974, until the member pays into the retire-
17 ment system for that service an amount equal to 5% of the
18 member's full-time or equated full-time compensation earned in
19 the school fiscal year before the school fiscal year in which the
20 application to purchase and payment for the service credit is
21 made, multiplied by the years of that service the member elects
22 to purchase and unless that service is followed by 5 years of
23 reporting unit service credit under this act.

24 (3) For the purposes of computing payment under this sec-
25 tion, the compensation amount used shall not be less than the
26 highest school fiscal year compensation previously earned by the
27 member. If the compensation amount used for computing payment

1 under this section exceeds the member's final average
2 compensation determined at the time of retirement, the payment
3 required under this section shall be recomputed using the
4 member's final average compensation and a refund shall be made
5 based upon the recomputation. Credit provided by this section
6 shall not be used in satisfying the minimum NUMBER of ~~+10~~ years
7 of service credit required under this act for a retirement
8 allowance. A person who had employment with a community mental
9 health service program as described in section 6(2) ~~shall~~ IS
10 not ~~be~~ subject to the minimum NUMBER of ~~+10~~ years of service
11 credit REQUIREMENT, if the other requirements of this section are
12 met.

13 (4) A member shall not receive more than 15 years of out of
14 system public education service. A member shall not receive more
15 out of system public education service than service performed
16 under this act or former Act No. 136 of the Public Acts of 1945,
17 unless, before July 1, 1974, the member applied for out of system
18 public education service credit based upon payment of contribu-
19 tions for that service credit as required under former Act
20 No. 136 of the Public Acts of 1945. The total out of system
21 public education service credited shall be used to compute the
22 member's retirement allowance if the minimum service requirements
23 performed under this act or former Act No. 136 of the Public Acts
24 of 1945 are met.

25 (5) If a member who made payment for out of system public
26 education service dies and a retirement allowance beneficiary has
27 not been designated, or if the member withdraws from service

1 before his or her retirement becomes effective, the payment made
2 by the member shall be refunded to the member or to the member's
3 refund beneficiary upon request.

4 (6) Out of system public education service ~~shall~~ IS not
5 ~~be~~ creditable toward retirement under this act if the member is
6 or will be receiving a retirement allowance for the same service
7 from another retirement system.

8 (7) Out of system public education service ~~shall~~ IS not
9 ~~be~~ creditable under this act unless similar service performed
10 in a reporting unit would be creditable.

11 ~~(8) Before January 31, 1991, a member may elect to purchase~~
12 ~~service credit as an elementary or secondary teacher at a United~~
13 ~~States armed forces military base in the United States or a for-~~
14 ~~ign country upon payment to the retirement board of the actuar-~~
15 ~~ial cost.~~

16 Sec. 69c. (1) A member may elect to purchase service credit
17 for service performed as an employee in a nonpublic elementary or
18 secondary educational institution or a nonpublic 2- or 4-year
19 institution of higher education in this state, in other states of
20 the United States, or in the territorial possessions of the
21 United States upon request and presentation of documentation of
22 the employment rendered that is verifiable from official employ-
23 ment or payroll records or other acceptable documentation as
24 determined by the retirement board, and upon payment to the
25 retirement system of the actuarial cost.

26 ~~(2) Before January 31, 1991, a member may elect to purchase~~
27 ~~service credit for service performed as an employee in a foreign~~

~~country at a school for United States personnel or dependents of
the United States military or United States department of state
personnel; service performed as a full time teacher with the job
corps created pursuant to section 422 of part B of title IV of
the job training partnership act, Public Law 97-300, 29
U.S.C. 1692; service performed as a teacher in a trust territory
or former trust territory of the United States; or service per-
formed as a teacher on an Indian reservation in this country;
upon request and presentation of documentation of the employment
rendered that is verifiable from official employment or payroll
records or other acceptable documentation as determined by the
retirement board, and upon payment to the retirement system of
the actuarial cost.~~

(2) ~~(3)~~ Service shall not be credited under this section unless the service being purchased is followed by at least 5 years of reporting unit service credit under this act or former Act No. 136 of the Public Acts of 1945. Service purchased under this section shall not be used to satisfy the minimum NUMBER of ~~10~~ years of service credit required to receive a retirement allowance under this act. The total service credited under ~~subsections (1) and (2)~~ THIS SECTION shall not exceed 5 years.

(3) ~~(4)~~ If a member who made payment for service under this section dies and a retirement allowance beneficiary has not been designated, or if the member withdraws from service before his or her retirement becomes effective, the payment made by the member shall be refunded to the member or to the member's refund beneficiary upon request.

1 (4) ~~-(5)-~~ Service shall not be credited under this section
2 if the member is or will be receiving a pension or annuity for
3 the same service from another retirement system.

4 ~~-(6)- A person who became a retirant with a retirement allow-~~
5 ~~ance effective date on or after January 1, 1988 and on or before~~
6 ~~December 21, 1988 shall be entitled to purchase service credit~~
7 ~~for service performed as an employee in a nonpublic elementary or~~
8 ~~secondary educational institution or a nonpublic 2- or 4- year~~
9 ~~institution of higher education as provided by this section.~~
10 ~~Service credit purchased pursuant to this subsection shall be~~
11 ~~purchased before July 1, 1989, or the expiration of 6 months~~
12 ~~after December 21, 1988, whichever is later. The monthly retire-~~
13 ~~ment allowance of a retirant entitled to purchase service credit~~
14 ~~under this subsection shall be recomputed based upon the addi-~~
15 ~~tional service credit. The recomputed monthly amount shall be~~
16 ~~payable beginning on the first day of the month following the~~
17 ~~month in which payment is received by the retirement system.~~

18 (5) ~~-(7)-~~ As used in this section:

19 (a) "Nonpublic elementary or secondary educational
20 institution" means an institution that offers or provides an
21 organized course of academic study primarily oriented toward the
22 awarding of high school diplomas. Nonpublic elementary or sec-
23 ondary educational institution does not include a proprietary
24 school.

25 (b) "Nonpublic 2- or 4-year institution of higher education"
26 means an institution that offers an organized course of academic
27 study primarily oriented toward the awarding of associate,

1 baccalaureate, master's, doctoral, or other academic degrees.
 2 Nonpublic 2- or 4-year institution of higher education does not
 3 include a proprietary school.

4 (c) "Proprietary school" means a school that uses a certain
 5 plan or method to teach a trade, occupation, or vocation for a
 6 consideration, reward, or promise. Proprietary school includes,
 7 but is not limited to, a private business, trade, or home study
 8 school.

9 Sec. 69f. (1) A member may elect to purchase not more than
 10 5 years of service credit less the number of years of service
 11 credit purchased under sections 6(2)(c), (d), (e), and (f) ~~—~~
 12 AND 64(3), (4), and (5); ~~—~~ FORMER SECTIONS 69a, 69b, ~~69c(2),~~
 13 69d, 69e, ~~74a, 74b, 77,~~ and 78; ~~—~~ AND SECTION 69C(2) AS IT
 14 READ ON THE DAY BEFORE THE EFFECTIVE DATE OF THE 1992 AMENDATORY
 15 ACT THAT AMENDED THIS SECTION, upon request and payment to the
 16 retirement system of the actuarial cost.

17 (2) Service credit purchased under this section ~~may~~ SHALL
 18 not be used to satisfy the minimum NUMBER of ~~10~~ years of serv-
 19 ice credit required to receive a retirement allowance under this
 20 act.

21 (3) Service credit purchased under this section shall not be
 22 used to satisfy the service credit requirement set forth in
 23 section 81(1)(a) for a retirement allowance paid ~~prior to~~
 24 BEFORE age 46 as provided by section 43b(a).

25 (4) If a member who made payment for service under this sec-
 26 tion dies and a retirement allowance is not payable, or if the
 27 member withdraws from service and a retirement allowance is not

1 payable, the payment made by the member shall be refunded to the
2 member or to the member's refund beneficiary upon request.

3 Sec. 74. (1) A member of this retirement system after
4 May 31, 1976, who does not meet the requirements of section 73,
5 and who enters active duty with the armed forces, may elect to
6 receive service credit for not more than 5 years of active duty
7 upon request and payment to the retirement system of an amount
8 equal to 5% of the member's full-time or equated full-time com-
9 pensation earned in the school fiscal year immediately before the
10 school fiscal year in which payment is made multiplied by the
11 years of service that the member elects to purchase up to the
12 maximum.

13 (2) For the purposes of computing payment under this sec-
14 tion, the compensation amount used shall not be less than the
15 highest school fiscal year compensation previously earned by a
16 member. If the compensation amount used for computing payment
17 under this section exceeds the member's final average compensa-
18 tion determined at the time of retirement, the payment required
19 under this section shall be recomputed using the member's final
20 average compensation and a refund shall be made based upon the
21 recomputation.

22 (3) Service shall not be credited if it is or would be cred-
23 ited under any other federal, state, or local publicly supported
24 retirement system, but this restriction shall not apply to a
25 person who has acquired or will acquire retirement eligibility
26 under the federal government for service in the reserve.

1 (4) Service shall not be credited under this section until
2 the member has accumulated ~~+0-~~ THE NUMBER OF years of full-time
3 or equated full-time service credit performed under this act or
4 former acts THAT IS REQUIRED TO RECEIVE A RETIREMENT ALLOWANCE
5 UNDER THIS ACT.

6 Sec. 75. (1) A member who left or leaves service as a
7 public school employee for purposes of maternity or paternity or
8 child rearing, and returns to service as a public school employ-
9 ee, or a person performing out of system public education service
10 who leaves that service for purposes of maternity, paternity, or
11 child rearing and who subsequently becomes a member of this
12 retirement system, without other intervening employment of more
13 than 20 hours per week for each week for which service credit is
14 claimed, may purchase service credit for the time period or peri-
15 ods during which the person was separated from service as a
16 public school employee or during which the person was separated
17 from performing out of system public education service because of
18 maternity or paternity or child rearing, upon request and payment
19 to the retirement system of the actuarial cost. The total serv-
20 ice credited under this section shall not exceed 5 years. A
21 member requesting purchase of service credit under this section
22 shall certify to the board the purpose for which the member took
23 leave and was separated from service as a public school
24 employee.

25 (2) Service credit purchased under this section may not be
26 used to satisfy the minimum NUMBER of ~~+0-~~ years of service

1 credit required to receive a retirement allowance under this
2 act.

3 (3) If a member who made payment under this section dies and
4 a retirement allowance beneficiary has not been designated, or if
5 the member leaves reporting unit service before his or her
6 retirement becomes effective, the payment made by the member
7 shall be refunded upon request to the member or to the member's
8 refund beneficiary.

9 (4) A member who reduces hours of employment with a report-
10 ing unit for purposes of maternity, paternity, or child rearing
11 or a person who reduces hours of out of system public education
12 service for purposes of maternity, paternity, or child rearing
13 and who subsequently becomes a member of this retirement system
14 may purchase service credit for those hours by which employment
15 was reduced if all other requirements of this section are met.