

HOUSE BILL No. 5723

February 21, 2002, Introduced by Rep. Frank and referred to the Committee on Senior Health, Security and Retirement.

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 1990 PA
298.

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 pro-
6 vided in subsection (4), and who did not elect to make contribu-
7 tions to the member investment plan, may irrevocably elect to
8 make the contributions described in subsection (2). In addition
9 to making the contributions required under subsection (2), a
10 member who elects to make contributions to the member investment
11 plan under this subsection shall make a contribution of 4% of the
12 compensation received on or after January 1, 1987 to December 31,
13 1989, and 3.9% of the compensation received on or after January
14 1, 1990 to the date of the election, plus an amount equal to the
15 compound interest that would have accumulated on those contribu-
16 tions as described in section 33, plus an amount equal to the net
17 actuarial cost of the additional benefits attributable to service
18 credited before January 1, 1987, as determined by the retirement
19 board. The method and timing of payment by a member under this
20 subsection shall be determined by the retirement board. The con-
21 tributions made under this subsection shall be deposited into the
22 reserve for employee contributions. This subsection shall not
23 apply until the department receives notification from the United
24 States internal revenue service that this subsection will not
25 cause the retirement system not to be qualified for tax purposes
26 under the internal revenue code.

(4) Except as otherwise provided in subsection (8), a member who first became a member on or before December 31, 1986 but did not perform membership service between December 31, 1986 and January 1, 1990, and who returns to membership service on or after January 1, 1990 shall make the contributions described in subsection (7).

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

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

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

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

(8) A member who contributes to the member investment plan pursuant to subsection (4) or (5) may irrevocably elect to discontinue contributions to the member investment plan as

1 provided in this subsection. The member may not elect to
2 discontinue contributions to the member investment plan until the
3 expiration of 3 school fiscal years following the date he or she
4 first contributes to the member investment plan or after the
5 expiration of 4 school fiscal years following the date he or she
6 first contributed to the member investment plan. A member who
7 pursuant to this subsection makes an election to discontinue con-
8 tributions to the member investment plan shall receive a refund
9 of those contributions plus interest, as determined by the
10 retirement board, payable before the expiration of 6 months after
11 the date of notification by the reporting unit. A member who
12 elects to discontinue making contributions pursuant to this sub-
13 section is not entitled to the benefits provided in sections 43b
14 and 43c. A member who contributes to the member investment plan
15 shall be given advance written notice of his or her opportunity
16 to elect to discontinue contributions to the member investment
17 plan pursuant to this subsection in a manner prescribed by the
18 retirement board. This subsection shall not apply until the
19 department receives notification from the United States internal
20 revenue service that this subsection will not cause the retire-
21 ment system not to be qualified for tax purposes under the inter-
22 nal revenue code.

23 (9) A MEMBER WHO FIRST BECAME A MEMBER ON OR BEFORE JANUARY
24 1, 1990 AND WHO IRREVOCABLY ELECTED NOT TO CONTRIBUTE TO THE
25 MEMBER INVESTMENT PLAN SHALL HAVE 180 DAYS FROM THE EFFECTIVE
26 DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION TO MAKE THE
27 CONTRIBUTIONS REQUIRED UNDER SUBSECTION (2) AND ANY ADDITIONAL

1 CONTRIBUTIONS THAT THE RETIREMENT BOARD DEEMS NECESSARY. THE
2 RETIREMENT BOARD SHALL DETERMINE THE METHOD AND TIMING OF PAYMENT
3 BY A MEMBER UNDER THIS SUBSECTION.

4 (10) ~~-(9)-~~ This section and sections 43b and 43c shall not
5 apply until the department receives notification from the United
6 States internal revenue service that contributions under this
7 section picked up by the employer pursuant to section 42 shall
8 not be included as gross income of the member until they are dis-
9 tributed or made available to the member, retirant, retirement
10 allowance beneficiary, or refund beneficiary.