

HOUSE BILL No. 4766

May 16, 2007, Introduced by Reps. Gonzales and Cushingberry and referred to the Committee on Appropriations.

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending section 20m (MCL 38.1140m), as added by 2002 PA 728.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20m. The governing board vested with the general
2 administration, management, and operation of a system or other
3 decision-making body that is responsible for implementation and
4 supervision of any system shall confirm in the annual actuarial
5 valuation and the summary annual report required under section
6 20h(2) that each plan under this act provides for the payment of
7 the required employer contribution as provided in this section and
8 shall confirm in the summary annual report that the system has

1 received the required employer contribution for the year covered in
2 the summary annual report. The required employer contribution is
3 the actuarially determined contribution amount. An annual required
4 employer contribution in a plan under this act shall consist of a
5 current service cost payment and a payment of at least the annual
6 accrued amortized interest on any unfunded actuarial liability and
7 the payment of the annual accrued amortized portion of the unfunded
8 principal liability. For fiscal years that begin before January 1,
9 2006, the required employer contribution shall not be determined
10 using an amortization period greater than 40 years. ~~For~~ **EXCEPT AS**
11 **OTHERWISE PROVIDED IN THIS SECTION, FOR FISCAL** years that begin
12 after December 31, 2005, the required employer contribution shall
13 not be determined using an amortization period greater than 30
14 years. **FOR THE STATE EMPLOYEES RETIREMENT SYSTEM, THE PUBLIC SCHOOL**
15 **EMPLOYEES RETIREMENT SYSTEM, AND THE STATE POLICE RETIREMENT SYSTEM**
16 **ONLY, FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2006, THE**
17 **CONTRIBUTION FOR THE UNFUNDED ACTUARIAL ACCRUED LIABILITY SHALL BE**
18 **EQUAL TO THE PRODUCT OF THE ASSUMED REAL RATE OF INVESTMENT RETURN**
19 **TIMES THE UNFUNDED ACTUARIAL ACCRUED LIABILITY.** In a plan year, any
20 current service cost payment may be offset by a credit for
21 amortization of accrued assets, if any, in excess of actuarial
22 accrued liability. A required employer contribution for a plan
23 administered under this act shall allocate the actuarial present
24 value of future plan benefits between the current service costs to
25 be paid in the future and the actuarial accrued liability. The
26 governing board vested with the general administration, management,
27 and operation of a system or other decision-making body of a system

1 shall act upon the recommendation of an actuary and the board and
2 the actuary shall take into account the standards of practice of
3 the actuarial standards board of the American academy of actuaries
4 in making the determination of the required employer contribution.