

# HOUSE BILL No. 5092

October 12, 2017, Introduced by Rep. Lilly and referred to the Committee on Financial Liability Reform.

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending section 131 (MCL 38.1431), as amended by 2017 PA 92.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 131. (1) This section is subject to the vesting  
2 requirements of section 132.

3       (2) Unless a qualified participant who is also a member of  
4 Tier 1 affirmatively elects not to contribute or elects to  
5 contribute a lesser amount, the qualified participant who is also a  
6 member of Tier 1 shall contribute 2% of his or her compensation to  
7 his or her Tier 2 account. The qualified participant's employer  
8 shall make a contribution to the qualified participant's Tier 2  
9 account in an amount equal to 50% of the first 2% of compensation

1 contributed by the qualified participant under this subsection.

2 (3) A qualified participant may make contributions in addition  
3 to contributions made under subsection (2) to his or her Tier 2  
4 account as permitted by the department and the internal revenue  
5 code.

6 (4) On the written determination of the director of the office  
7 of retirement services, an employee of an employer that is not a  
8 qualified participant may elect to make contributions to a Tier 2  
9 account as permitted by the department and the internal revenue  
10 code. An employee as described in this subsection is treated as a  
11 qualified participant under this article for the limited purposes  
12 of his or her Tier 2 account.

13 (5) On the written determination of the director of the office  
14 of retirement services, an employer may annually elect to make  
15 additional matching contributions, including those in addition to  
16 matching contributions made under subsections (2) and (6), to an  
17 employee's Tier 2 account as permitted by the plan document and the  
18 internal revenue code. Matching contributions under this subsection  
19 must be made in amounts equal to 50% of the contributions made by  
20 the employee not to exceed the first 4% of contributions made in  
21 whole percentages only, for any employee in addition to amounts  
22 that are already matched under this section, if any.

23 (6) Except as otherwise provided in section 81d, unless a  
24 qualified participant who is only a Tier 2 qualified participant  
25 due to an election made under section 81d(1) affirmatively elects  
26 not to contribute or elects to contribute a lesser amount, the  
27 qualified participant shall contribute 6% of his or her

1 compensation to his or her Tier 2 account. Until January 31, 2018,  
2 the qualified participant's employer shall make a contribution to  
3 the qualified participant's Tier 2 account in an amount equal to  
4 50% of the first 6% of compensation contributed by the qualified  
5 participant under this subsection. Beginning February 1, 2018, the  
6 qualified participant's employer shall make a contribution to the  
7 qualified participant's Tier 2 account in an amount equal to 100%  
8 of the first 3% of compensation contributed by the qualified  
9 participant under this subsection. ~~Beginning February 1, 2018, all~~  
10 ~~contributions made by an employer under this subsection must be~~  
11 ~~paid by appropriation from the state school aid fund established by~~  
12 ~~section 11 of article IX of the state constitution of 1963,~~  
13 ~~assuming 100% participation by all qualified participants.~~ **ANY**

14 **CONTRIBUTIONS REQUIRED TO BE MADE BY AN EMPLOYER UNDER THIS**  
15 **SUBSECTION MUST BE FUNDED FROM MONEY APPROPRIATED AND ALLOCATED BY**  
16 **THE LEGISLATURE SPECIFICALLY FOR THE PURPOSE OF MAKING REQUIRED**  
17 **CONTRIBUTIONS UNDER THIS SUBSECTION, AND AN EMPLOYER IS NOT**  
18 **REQUIRED TO USE GENERAL OPERATING FUNDS TO MAKE THESE**  
19 **CONTRIBUTIONS.**

20 (7) For a qualified participant who is only a Tier 2 qualified  
21 participant under section 81d, beginning with the first available  
22 pay period after October 1, 2017, the qualified participant's  
23 employer shall make a contribution to the qualified participant's  
24 Tier 2 account in an amount equal to 4% of the qualified  
25 participant's compensation.