

**THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979 (EXCERPT)**  
**Act 300 of 1980**

**ARTICLE 4**

**38.1360 Purchase of service credit; 2 years service credit required.**

Sec. 60. Notwithstanding any provision of this act to the contrary, on and after July 1, 2008, a member shall not purchase service credit under this act unless the member has been granted at least 2 years of service credit under section 68.

**History:** Add. 2007, Act 111, Imd. Eff. Oct. 1, 2007.

**Popular name:** Act 300

**38.1361 Employment of retirant in reporting unit.**

Sec. 61. (1) Except as otherwise provided in this section, if a retirant is receiving a retirement allowance other than a disability allowance payable under this act or under former 1945 PA 136, on account of either age or years of personal service performed, or both, and becomes employed at a reporting unit, the retirant forfeits his or her retirement allowance and the retirement system subsidy for health care benefits from the retirement system for the entire month of each month in which the retirant is employed at the reporting unit. A retirant who has forfeited the retirement system subsidy for health care benefits under this subsection and who wants to retain health care benefits shall pay the retirant's and retirement system's costs for the health care benefits. The retirement allowance and retirement system subsidy for health care benefits must resume without recalculation on the first of the month following the month in which the retirant has terminated reporting unit employment.

(2) The retirement system may offset retirement benefits payable under this act against amounts owed to the retirement system by a retirant or retirement allowance beneficiary.

(3) Subsection (1) does not apply to a retirant who is employed at a reporting unit if both of the following apply:

(a) The retirant retired after a bona fide termination of employment.

(b) The retirant is employed at any reporting unit on July 25, 2022.

(4) Subsection (1) does not apply to a retirant who is employed by a university that is considered a reporting unit for the limited purpose described in section 7(3).

(5) Subsection (1) does not apply to a retirant who is employed at a reporting unit if both of the following apply:

(a) The retirant retired after a bona fide termination of employment.

(b) The retirant has been retired for at least 9 consecutive months before becoming employed under this subsection.

(6) Until 5 years after the effective date of the amendatory act that added this sentence, subsection (1) does not apply to a retirant who, at the time of the retirant's retirement, was employed in a position other than a superintendent and who is employed at a reporting unit if both of the following apply:

(a) The retirant retired after a bona fide termination of employment.

(b) Either of the following applies:

(i) The retirant has been retired for at least 6 consecutive months.

(ii) The earnings of the retirant do not exceed \$15,100.00 in a calendar year.

(7) Until 5 years after the effective date of the amendatory act that added this sentence, subsection (1) does not apply to a retirant who, at the time of the retirant's retirement, was employed as a superintendent and who is employed at a reporting unit if both of the following apply:

(a) The retirant retired after a bona fide termination of employment.

(b) Either of the following applies:

(i) The retirant has been retired for at least 6 consecutive months.

(ii) If the retirant is employed in a position other than a superintendent, the earnings of the retirant do not exceed \$15,100.00 in a calendar year.

(8) A retirant is not eligible to use any service or compensation attributable to the employment described in subsection (3), (4), (5), (6), or (7), for a recomputation of his or her retirement allowance.

(9) For purposes of subsections (3), (4), (5), (6), and (7), the retirement system shall determine, in accordance with federal law that governs qualified retirement plans, whether a retirant retired after a bona fide termination of employment. If the retirement system determines that a retirant did not retire after a bona fide termination of employment, the retirement system may adjust the retirant retirement allowance effective date following a bona fide termination.

(10) A reporting unit shall report the employment of a retirant as described in subsection (3) or (4), as applicable, to the retirement system in a manner determined by the retirement system. The reporting unit shall include in the report the name of the retirant, the capacity in which the retirant is employed, and the compensation paid to the retirant. An employer, other than a reporting unit, that employs retirants as described in subsection (3) or (4) shall provide to the reporting unit all information that the reporting unit is required to report to the retirement system under this subsection.

(11) As used in this section:

(a) "Bona fide termination of employment" means, as determined by the retirement system under subsection (9), a retirant has completely severed the employer-employee relationship with his or her reporting unit employer. Completely severing the employer-employee relationship includes, but is not limited to, a retirant not working for his or her reporting unit employer during the month of the retirant's retirement allowance effective date and, before the severing of the employer-employee relationship, the retirant does not intend or expect or have an offer or contingency to become employed at any reporting unit.

(b) "Employed at a reporting unit" means employed directly by a reporting unit as an employee, indirectly by a reporting unit through a contractual arrangement with other parties, or by engagement of a retirant by a reporting unit as an independent contractor.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 1999, Act 68, Imd. Eff. June 25, 1999;—Am. 2001, Act 30, Imd. Eff. June 29, 2001;—Am. 2004, Act 5, Imd. Eff. Feb. 20, 2004;—Am. 2006, Act 158, Imd. Eff. May 26, 2006;—Am. 2010, Act 75, Imd. Eff. May 19, 2010;—Am. 2012, Act 464, Imd. Eff. Dec. 27, 2012;—Am. 2015, Act 219, Imd. Eff. Dec. 16, 2015;—Am. 2018, Act 141, Imd. Eff. May 10, 2018;—Am. 2018, Act 482, Eff. Mar. 29, 2019;—Am. 2020, Act 267, Imd. Eff. Dec. 29, 2020;—Am. 2022, Act 184, Imd. Eff. July 25, 2022;—Am. 2023, Act 147, Imd. Eff. Oct. 10, 2023.

**Compiler's note:** Enacting section 1 of Act 75 of 2010 provides:

"Enacting section 1. If any section or part of a section of this act is for any reason held to be invalid or unconstitutional, the holding does not affect the validity of the remaining sections of this act or the act in its entirety."

**Popular name:** Act 300

### **38.1361a Report to legislature on number of active employed retirees.**

Sec. 61a. (1) The office of retirement services shall prepare 2 reports regarding retirants employed at reporting units as follows:

(a) For the period that begins on the effective date of the amendatory act that added this section and ends 1 year after the effective date of the amendatory act that added this section, the number of retirants employed at reporting units during that period.

(b) For the period that begins 1 year after the effective date of the amendatory act that added this section and ends 5 years after the effective date of the amendatory act that added this section, the number of retirants employed at reporting units during that period.

(2) For each report required under subsection (1), not later than 1 month after the applicable reporting period, the office of retirement services shall deliver the report to the senate majority leader, the speaker of the house of representatives, the senate and house of representatives appropriations committees, and the senate and house fiscal agencies.

**History:** Add. 2022, Act 185, Imd. Eff. July 25, 2022.

**Popular name:** Act 300

### **38.1362 Purchasing service credit; proof of service; contribution and interest.**

Sec. 62. If a member claims credit for service performed under this act or former Act No. 136 of the Public Acts of 1945, during the period the member was entitled to membership in the retirement system, but the member's employment was not reported to the retirement system and contributions were not remitted for that member, the member may purchase the credit upon presenting acceptable proof of the service and contributing to the retirement system an amount equal to the amount the member would have contributed according to the schedule governing contributions in effect at the time of that service, plus regular interest on the contributions.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980.

**Compiler's note:** Act 136 of 1945, referred to in this section, was repealed by Act 300 of 1980.

**Popular name:** Act 300

### **38.1363 Noncontributory plan; applicability; duty of reporting unit.**

Sec. 63. The noncontributory plan shall apply to each public school employee who is included in the membership of the retirement system. Each reporting unit shall remit the contributions as provided in section 42.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980.

**Popular name:** Act 300

### **38.1364 Purchase of service credit.**

Sec. 64. (1) If a person described in section 5(1)(d) later becomes a member of this retirement system, service credit shall not be given for employment that is excluded in that subdivision for purposes of determining a retirement allowance.

(2) If a person described in section 5(1)(b) later becomes a member of this retirement system within 12 months after the date of termination as a participant in a transitional public employment program, service credit shall be given for employment that is excluded in section 5(1)(b) for purposes of determining a retirement allowance upon the payment by the person's employer under the transitional public employment program from funds provided under the former comprehensive employment and training act of 1973, Public Law 93-203, as funds permit, to the retirement system of the contributions, plus regular interest, the employer would have paid had the employment been rendered in a position covered by this act. During the person's employment in the transitional public employment program, the person's employer shall place in reserve a reasonable but not necessarily an actuarially determined amount equal to the contributions that the employer would have paid to the retirement system for those employees in the transitional public employment program as if they were members under this act, but only for that number of employees that the employer determines would transfer from the transitional public employment program into positions covered by this act. If the funds provided under the former comprehensive employment and training act of 1973, Public Law 93-203, are insufficient, the remainder of the employer contributions shall be paid by the person's employer under the transitional public employment program. If a person was not employed by a reporting unit but performed services for that reporting unit under a transitional public employment program and became a member of this retirement system within 12 months after the date of termination as a participant in the transitional public employment program, service credit shall be given for that transitional public employment program service in the manner provided in this subsection. The reporting unit for which the transitional public employment program service was performed is the person's employer under the transitional public employment program for the purposes of this subsection.

(3) Before January 31, 1991, a person excluded from membership as provided by section 5(1)(a) who later becomes a member of this retirement system shall be entitled to purchase service credit for that service, as provided in subsection (6), upon presenting acceptable proof of the service for the excluded period.

(4) Before January 31, 1991, a member of the retirement system with employment excluded from membership service under section 5(1)(c) or under section 23a(1)(c) of chapter I or section 12(2)(c) of chapter II of former Act No. 136 of the Public Acts of 1945 shall be entitled to purchase service credit for that employment, as provided in subsection (6), upon presentation of documentation of the employment rendered that is verified from official reporting unit records or other acceptable documentation as determined by the retirement board. This subsection only applies after June 30, 1987 if the employment being purchased was performed while the person was enrolled as a graduate student at the reporting unit and the employment consisted of 1 or more of the following:

- (a) Teaching.
- (b) Research.
- (c) Academic advising.
- (d) Administration.
- (e) Library work.
- (f) Other employment of an academic or educational nature, as determined by the board.

(5) Before January 31, 1991, a member of the retirement system with out of system public education service or with service described in section 69c(1) that was performed while the person was a full-time student, whether performed before, on, or after October 31, 1980, shall be entitled to purchase service credit for that service, as provided in subsection (6), upon presentation of documentation of the service rendered that is verified from official payroll records or other acceptable documentation as determined by the retirement board pursuant to R 38.1119 of the Michigan administrative code. This subsection only applies after June 30, 1987 if the employment being purchased was performed while the person was enrolled as a graduate student at a public college or public university and the employment consisted of 1 or more of the following:

- (a) Teaching.
- (b) Research.
- (c) Academic advising.
- (d) Administration.
- (e) Library work.

(f) Other employment of an academic or educational nature, as determined by the board.

(6) Service credit shall not be given under subsection (3), (4), or (5) until the member pays into the retirement system the actuarial cost. Service credit shall not be given under subsection (3), (4), or (5) unless the service being purchased is followed by 5 years of reporting unit service credit under this act or former Act No. 136 of the Public Acts of 1945. Credit provided by subsection (3), (4), or (5) shall not be used in satisfying the minimum of 10 years of service credit required under this act for a retirement allowance.

(7) A person excluded from membership as provided by section 5(1)(f), (g), (h), (i), (j), or (k) shall not receive service credit for the employment described in those subdivisions even if the person subsequently becomes or has been a member of this retirement system.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1983, Act 111, Imd. Eff. July 12, 1983;—Am. 1984, Act 166, Imd. Eff. June 28, 1984;—Am. 1984, Act 428, Imd. Eff. Jan. 2, 1985;—Am. 1986, Act 123, Imd. Eff. June 2, 1986;—Am. 1988, Act 384, Imd. Eff. Dec. 21, 1988;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1365 Written application for payment of accumulated contributions; forfeiture of prior service.**

Sec. 65. (1) If a member ceases to be a public school employee before satisfying the age and service requirements for a retirement allowance as provided in section 81(1)(a) or (b) or 43b or if a member elected the optional retirement system under the optional retirement act of 1967, Act No. 156 of the Public Acts of 1967, as amended, being sections 38.381 to 38.388 of the Michigan Compiled Laws, the member upon written application shall be paid, except as otherwise provided in this act, the accumulated contributions standing to the member's credit in the reserve for employee contributions and in the reserve for member investment plan, payable before the expiration of 90 days after submitting the written application for payment on a form provided by the retirement board.

(2) Upon payment of the accumulated contributions standing to the member's credit in the reserve for employee contributions and in the reserve for member investment plan pursuant to subsection (1), the member shall forfeit the prior service and contributory membership service credited to the member, and the noncontributory membership service credited during periods when the member contributed to the member investment plan. However, other membership service acquired under the noncontributory plan shall be nonforfeitable except as provided in section 67. The refund shall be payable notwithstanding any time limit for application contained in former Act No. 184 of the Public Acts of 1937, former Act No. 56 of the Public Acts of 1941, or former Act No. 136 of the Public Acts of 1945.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1985, Act 91, Imd. Eff. July 10, 1985;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1366 Cessation of membership; forfeiture of service; return to service; reinstatement of previously forfeited service.**

Sec. 66. (1) Except as provided in section 65, if a member ceases to be a public school employee for any reason, except while on official leave from service with the reporting unit, the person shall cease to be a member. The person's credited contributory membership service and credited prior service, and the noncontributory membership service credited during periods when the member contributed to the member investment plan, shall be forfeited and no longer in effect if the person withdraws the accumulated contributions from the retirement system. If the person returns to reporting unit service, the person shall again become a member. If accumulated contributions were withdrawn and the person returns for a period of not less than 1 year of credited service, the person may pay into the retirement system, before the effective date of the person's retirement, the amount withdrawn, together with simple interest on the amount withdrawn from the reserve for employee contributions and compound interest on the amount withdrawn from the reserve for member investment plan computed in each case from the date of withdrawal to the semiannual anniversary of the date of withdrawal following the date of repayment. Upon payment in full, the member shall be allowed credit for the service upon which the refund was based, which shall reinstate the previously forfeited service. However, a member who previously withdrew the contributions and who separated from reporting unit service for 60 consecutive calendar months shall not be allowed credit for the service upon which the refund was based until the member returns to service for 2 or more years of credited service and returns the accumulated contributions previously withdrawn, together with simple interest on the amount withdrawn from the reserve for employee contributions and compound interest on the amount withdrawn from the reserve for member investment plan computed in each case from the date of withdrawal to the semiannual anniversary of the date of withdrawal following the date of repayment.

(2) Upon a member's retirement or death, the member shall cease to be a member.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1985, Act 91, Imd. Eff. July 10, 1985;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1367 Credit for service in another retirement system; withdrawal of accumulated contributions; forfeiture of service or monthly allowance.**

Sec. 67. A member who has met the age and service requirements to receive a retirement allowance from this retirement system as provided in section 81 may withdraw all of the accumulated contributions, if any, if the member is entitled to receive credit for all or part of the service in another retirement system. Withdrawal shall result in the forfeiture of prior service and contributory plan membership service credited to the member upon payment of the refund. A member who has met the age and service requirements to receive a monthly allowance under the noncontributory plan, or combination of contributory and noncontributory plan service, by written waiver and withdrawal of the accumulated contributions, if any, may forfeit a monthly allowance if the member is entitled to receive credit for all or part of his or her service in another retirement system. Once a retirant is in receipt of a retirement allowance from this retirement system, it shall not be forfeited.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980.

**Popular name:** Act 300

### **38.1368 Service credit; computing terms of service.**

Sec. 68. (1) The retirement board shall grant 1 year of service credit to a member who has been employed and remunerated for services performed for not less than 1,020 hours in a school fiscal year. In determining whether a member is entitled to service credit under this subsection, the retirement system shall calculate service credit using the payroll cycle reported to the retirement system by the employer of the member. If a biweekly payroll cycle is reported, the member shall not accrue more than 60 hours in a payroll cycle. If a semimonthly payroll cycle is reported, the member shall not accrue more than 72 hours in a payroll cycle. If a monthly payroll cycle is reported, the member shall not accrue more than 138 hours in a payroll cycle. If a quarterly payroll cycle is used, the member shall not accrue more than 396 hours in a payroll cycle.

(2) A part-time member or a member employed for a fraction of the school fiscal year shall receive service credit for full-time service on the basis of 60 or more hours per biweekly period and proportionate credit for less than 60 hours on the basis of 60 hours for full-time credit in the proportion which the hours employed in the school fiscal year bears to 1,020 hours.

(3) In computing terms of service, a year shall be a legal fiscal year at the time and place where the service was performed. Not more than 1 year's service shall be counted for retirement purposes in any school fiscal year.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 2003, Act 175, Imd. Eff. Aug. 22, 2003.

### **38.1369 Out of system public education service; condition for granting membership or prior service credit; requirements; eligibility for retirement allowance; computation of payment; limitation; refund; noncreditable service; member ineligible to initiate service credit purchase.**

Sec. 69. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, as a condition for granting membership or prior service credit under this act for out of system public education service, a member shall meet both of the following requirements:

(a) Pay to the retirement system an amount equal to the amount the member would have contributed under the schedule governing member contributions in effect at the time of that service had the service been performed under this act or former 1945 PA 136, together with regular interest from the end of the school fiscal year in which service was performed to the semiannual anniversary of the date following the payment.

(b) Have 5 years of reporting unit service credit under this act or former 1945 PA 136, following the out of system public education service.

(2) A member is not entitled to a retirement allowance based on out of system public education service that was performed after July 1, 1974, unless the member meets both of the following requirements:

(a) Before September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, initiates a service credit purchase for that service in an amount equal to 5% of the member's full-time or equated full-time compensation earned in the school fiscal year before the school fiscal year in which the application to purchase and payment for the service credit is made, multiplied by the years of that service the member elects to purchase.

(b) That service is followed by 5 years of reporting unit service credit under this act.

(3) For the purposes of computing payment under this section, the compensation amount used must not be

less than the highest school fiscal year compensation previously earned by the member. If the compensation amount used for computing payment under this section exceeds the member's final average compensation determined at the time of retirement, the payment required under this section must be recomputed using the member's final average compensation and a refund must be made based on the recomputation. Credit provided by this section must not be used in satisfying the minimum of 10 years of service credit required under this act for a retirement allowance. A person who had employment with a community mental health service program as described in section 6(2) is not subject to the minimum of 10 years of service credit, if the other requirements of this section are met.

(4) A member must not receive more than 15 years of out of system public education service. A member must not receive more out of system public education service than service performed under this act or former 1945 PA 136, unless, before July 1, 1974, the member applied for out of system public education service credit based on payment of contributions for that service credit as required under former 1945 PA 136. The total out of system public education service credited must be used to compute the member's retirement allowance if the minimum service requirements performed under this act or former 1945 PA 136 are met.

(5) If a member who made payment for out of system public education service 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 under this section must be refunded to the member or to the member's refund beneficiary on request.

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

(7) Out of system public education service is not creditable under this act unless similar service performed in a reporting unit would be creditable.

(8) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate service credit purchase under this section.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1984, Act 428, Imd. Eff. Jan. 2, 1985;—Am. 1987, Act 242, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

### **38.1369a, 38.1369b Repealed. 1989, Act 194, Eff. Jan. 31, 1991.**

**Compiler's note:** The repealed sections pertained to purchase of service credit.

**Popular name:** Act 300

### **38.1369c Employee in nonpublic elementary or secondary educational institution or nonpublic institution of higher education, employee in foreign country at school for United States personnel or dependents, full-time teacher with job corps, teacher in trust territory, or teacher on Indian reservation; purchase of service credit; request; documentation; payment of amount of actuarial cost; condition to service being credited; satisfaction of minimum service credit for retirement allowance; refund; effect of pension or annuity; member ineligible to initiate service credit purchase; definitions.**

Sec. 69c. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member may elect to purchase service credit for service performed as an employee in a nonpublic elementary or secondary educational institution or a nonpublic 2- or 4-year institution of higher education in this state, in other states of the United States, or in the territorial possessions of the United States on 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 on payment to the retirement system of the actuarial cost.

(2) Before January 31, 1991, a member may elect to purchase 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, service performed as a teacher in a trust territory or former trust territory of the United States; or service performed as a teacher on an Indian reservation in this country; on 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 on payment to the retirement system of the actuarial cost.

(3) Service must 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 1945 PA 136. Service purchased under

this section must not be used to satisfy the minimum of 10 years of service credit required to receive a retirement allowance under this act. The total service credited under subsections (1) and (2) must not exceed 5 years.

(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 must be refunded to the member or to the member's refund beneficiary on request.

(5) Service must not be credited under this section if the member is or will be receiving a pension or annuity for the same service from another retirement system.

(6) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate a service credit purchase under this section.

(7) As used in this section:

(a) "Nonpublic elementary or secondary educational institution" means an institution that offers or provides an organized course of academic study primarily oriented toward the awarding of high school diplomas. Nonpublic elementary or secondary educational institution does not include a proprietary school.

(b) "Nonpublic 2- or 4-year institution of higher education" means an institution that offers an organized course of academic study primarily oriented toward the awarding of associate, baccalaureate, master's, doctoral, or other academic degrees. Nonpublic 2- or 4-year institution of higher education does not include a proprietary school.

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

**History:** Add. 1987, Act 242, Imd. Eff. Dec. 28, 1987;—Am. 1988, Act 385, Imd. Eff. Dec. 21, 1988;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

### **38.1369d, 38.1369e Repealed. 1989, Act 194, Eff. Jan. 31, 1991.**

**Compiler's note:** The repealed sections pertained to purchase of service credit.

**Popular name:** Act 300

### **38.1369f Election to purchase not more than 5 years of service credit less years of service credit purchased under other provisions; request; payment of actuarial cost; prohibited uses of service credit; refund; member ineligible to initiate service credit purchase.**

Sec. 69f. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member may elect to purchase not more than 5 years of service credit less the number of years of service credit purchased under sections 6(2)(c), (d), (e), and (f), 64(3), (4), and (5), and 69c(2), or former sections 69a, 69b, 69d, 69e, 74a, 74b, 77, and 78, on request and payment to the retirement system of the actuarial cost.

(2) Service credit purchased under this section must not be used to satisfy the minimum of 10 years of service credit required to receive a retirement allowance under this act.

(3) Service credit purchased under this section must not be used to satisfy the service credit requirement set forth in section 81(1)(a) for a retirement allowance paid before age 46 as provided by section 43b(a).

(4) If a member who made payment for service under this section dies and a retirement allowance is not payable, or if the member withdraws from service and a retirement allowance is not payable, the payment made by the member must be refunded to the member or to the member's refund beneficiary upon request.

(5) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate a service credit purchase under this section.

**History:** Add. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

### **38.1369g Former employees of reporting unit as public school employees; conditions; remittances required for granting of service credit; definitions.**

Sec. 69g. (1) Subject to subsections (2) and (3), a member whose reporting unit service consists of library or museum service and whose employment with that reporting unit is terminated because that reporting unit becomes a participating municipality to a district library agreement, or a former employee of a reporting unit that becomes a participating municipality to a district library agreement who was a member as the result of former employment with that reporting unit, is a public school employee for purposes of this act if both of the following conditions are met:

(a) The person subsequently is employed by the district library established pursuant to that district library

agreement.

(b) The district library board of that district library adopts a resolution that provides that the district library will remit to the retirement system the amount, percentages, and contributions described in subsection (2) for that person.

(2) The retirement board shall grant service credit to a member described in subsection (1) only if the district library remits to the retirement system the amount required by section 42, the percentage of aggregate annual compensation determined for current service as required by section 41, and the percentage determined for unfunded accrued service as required by section 41.

(3) The remittances described in subsection (2) are the exclusive obligation of the district library and shall not be a separate obligation by specific reimbursement or otherwise of the state.

(4) As used in this section:

(a) "District library" means a library established pursuant to section 3 of the district library establishment act, Act No. 24 of the Public Acts of 1989, being section 397.173 of the Michigan Compiled Laws.

(b) "District library agreement" means that term as used in the district library establishment act, Act No. 24 of the Public Acts of 1989, being sections 397.171 to 397.196 of the Michigan Compiled Laws.

(c) "District library board" means that term as used in the district library establishment act, Act No. 24 of the Public Acts of 1989.

(d) "Participating municipalities" means that term as used in the district library establishment act, Act No. 24 of the Public Acts of 1989.

**History:** Add. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1370 State of Michigan service; condition for granting membership or prior service credit; requirements; petition for transfer of service credit, accumulated contributions, and interest; refund; member ineligible to initiate service credit purchase.**

Sec. 70. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, as a condition for granting membership or prior service credit under this act for state of Michigan service, a member shall meet both of the following requirements:

(a) Pay to the retirement system an amount equal to the amount the member would have contributed under the contributory plan for service performed before July 1, 1977 under the schedule governing member contributions in effect at the time of that service had the service been performed under this act or former 1945 PA 136, together with regular interest from the end of the school fiscal year in which the service was performed to the semiannual anniversary of the date following payment.

(b) Relinquish all rights to retirement under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69. Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is entitled to receive benefits under sections 43b and 43c for service performed on or after January 1, 1987 if the member pays the difference between the actuarial equivalent of the benefits provided by sections 43b and 43c and by the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(2) Credit for service performed as a state employee under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69, must be on the same basis for eligibility in all respects for any form of retirement provided in this act as if the service were performed in a reporting unit under this act.

(3) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a former member who on or before July 1, 1974, was employed in the state classified or unclassified service, whose membership was transferred to the state employees' retirement system under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69, and who again became a member of the retirement system created under former 1945 PA 136 or becomes a member of the retirement system created under this act, is entitled to petition the retirement system in writing for a transfer of the member's accumulated contributions, including interest, and service standing to the member's credit with the state employees' retirement system to this retirement system. On receipt of the member's petition, service standing to the member's credit, accumulated contributions, and interest must be transferred from the employee's savings fund created under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69, to the reserve for employee contributions of this retirement system. An individual whose membership service and accumulated contributions are transferred back to this retirement system immediately shall have the transferred service credit recognized by the retirement system on the same basis as if the individual continuously had been a member of the retirement system.

(4) If a member who made payment for state of Michigan service dies and a retirement allowance beneficiary has not been designated, or withdraws from service before his or her retirement becomes effective, the payment made by the member must be refunded to the member or to the member's refund beneficiary on request.

(5) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate a service credit purchase under this section.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

**38.1371 Sabbatical leave; employee organization professional services leave or released time; member ineligible to initiate service credit purchase.**

Sec. 71. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, the retirement board shall grant service credit for the time a member is on a sabbatical leave authorized by a reporting unit, if the member returns to regular employment with the same reporting unit and acquires 1 year or more of subsequent service credit with that same reporting unit and if the member acquired 5 or more years of credited service with the reporting unit immediately before the sabbatical leave.

(2) If the sabbatical leave described in subsection (1) is granted before July 1, 1981, the reporting unit, if the reporting unit had a noncontributory plan at the time the sabbatical leave is granted, or the member, if the reporting unit has a contributory plan at the time the sabbatical leave is granted, shall pay to the system for each year of sabbatical leave credit an amount equal to 5% of the member's compensation earned in the school fiscal year immediately before the school fiscal year in which the sabbatical leave is granted, together with regular interest from the end of the school fiscal year in which the sabbatical leave was or is granted to the earlier of the following dates following the date of payment, the first day of the school fiscal year beginning after the date of payment or the first day of the seventh month of the school fiscal year in which the payment is made. If the reporting unit makes the payment required by this subsection, the reporting unit also shall pay the required interest. If the member makes the payment required by this subsection, the member also shall pay the required interest.

(3) If the sabbatical leave described in subsection (1) is granted after June 30, 1981, the member shall pay an amount equal to 5% of the member's full-time or equated full-time compensation earned in the school fiscal year immediately before the school fiscal year in which payment is made for each year of service credit the member elects to purchase. In computing payment under this subsection, the compensation amount used, except as otherwise provided in this subsection, must not be less than the highest school fiscal year compensation the member earned from the reporting unit that granted the sabbatical leave. If the compensation amount used for computing payment under this subsection exceeds the member's final average compensation determined at the time of retirement, the payment required under this subsection must be recomputed using the member's final average compensation and a refund must be made based on the recomputation.

(4) If, before October 31, 1980, either the reporting unit or the member has contributed 5% of the member's compensation for the school fiscal year in which the sabbatical leave was granted in order to purchase service credit for that sabbatical leave, a further payment for the purchase of service credit for that sabbatical leave shall not be required. If a member has paid the amount required under subsection (2) for the purchase of service credit for sabbatical leave, but later receives a refund of that amount, the member, not the reporting unit, shall repay the amount with regular interest as required by subsection (2) if the member elects to purchase service credit for the sabbatical leave.

(5) Effective October 1, 1981, the retirement board shall grant service credit for the time a member is on either an employee organization professional services leave or employee organization professional services released time authorized by a reporting unit if all of the following conditions are satisfied, as applicable:

(a) For a member who is on either a professional services leave or professional services released time that first began before October 1, 1996, which leave or released time is renewed annually by the reporting unit, the member is included on the reporting unit's reports required by section 42(6) and compensation, service, contribution, and other requirements are reported on the same basis as for those members of the reporting unit who were not granted an employee organization professional services leave or employee organization professional services released time.

(b) For a member who is on either a professional services leave or professional services released time, which leave or released time does not meet the requirements of subdivision (a), the member is included on the reporting unit's reports in the manner required by subdivision (a), except that compensation is reported at the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time along with the normal and customary compensation increases that would have been paid to the member by the reporting unit had the member remained in the same position held at the reporting unit immediately preceding the date the member commenced the leave or released time. However, if the member was not working a full 12-month period for

the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time and is working a full 12-month period for the public school employee organization, the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the leave or released time may be increased proportionately to reflect the additional time worked for the public school employee organization. That adjusted compensation, along with the normal and customary compensation increases otherwise allowed in this subdivision, must then be reported as required in this subdivision.

(c) For a member who is on either a professional services leave or professional services released time that first began before October 1, 1996, which leave or released time is renewed annually by the reporting unit, the reporting unit remits the amount required by section 42 and the percentage of aggregate annual compensation provided from the state school aid fund for current service, if any, the percentage determined for unfunded accrued service as required by section 41, and the employer's share of social security contributions if the reporting unit is responsible for remitting the employee's share of social security contributions.

(d) For a member who is on either a professional services leave or professional services released time, which professional services leave or professional services released time does not meet the requirements of subdivision (c), the reporting unit remits the amounts required by subdivision (c) based on the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time along with the normal and customary compensation increases that would have been paid to the member by the reporting unit had the member remained in the same position held at the reporting unit immediately preceding the date the member commenced the leave or released time. However, if the member was not working a full 12-month period for the reporting unit immediately preceding the date the member commenced the professional services leave or professional services released time and is working a full 12-month period for the public school employee organization, the rate of compensation paid to the member by the reporting unit immediately preceding the date the member commenced the leave or released time may be increased proportionately to reflect the additional time worked for the public school employee organization. That adjusted compensation, along with the normal and customary compensation increases otherwise allowed in this subdivision, must then be reported as required in this subdivision.

(6) The reporting unit must be reimbursed those sums paid to the retirement board under subsection (5) by the member or the public school employee organization on a current basis. A member who has credited service as an employee of a school district of the first class, as described in part 6 of the revised school code, 1976 PA 451, MCL 380.401 to 380.485, for a leave of absence effective before October 1, 1981, shall continue to receive credit based on the law of this state in effect at the time the leave of absence was initially effective.

(7) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate a service credit purchase under subsections (1) and (3).

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1982, Act 197, Imd. Eff. July 1, 1982;—Am. 1987, Act 242, Imd. Eff. Dec. 28, 1987;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 1996, Act 268, Imd. Eff. June 12, 1996;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

### **38.1372 Repealed. 1989, Act 194, Imd. Eff. Aug. 25, 1989.**

**Compiler's note:** The repealed section pertained to return to service on termination of statutory period for payment of duty disability retirement allowance.

**Popular name:** Act 300

### **38.1373 Resumption of employment following honorable discharge or release from active duty with armed forces; service credit; limitation; accumulation of contributions to reserve for employee contributions at regular interest.**

Sec. 73. A member of this retirement system who enters active duty with the armed forces and within 24 months after the date of the member's honorable discharge or release from active duty from the armed forces resumes employment as a public school employee under this act, former Act No. 136 of the Public Acts of 1945, former Act No. 56 of the Public Acts of 1941, or former Act No. 184 of the Public Acts of 1937, shall receive not more than 6 years of service credit, except required service extending beyond 6 years, for time spent in the armed forces credited to the member as a member of the retirement system. Credit also shall be given to a member who meets the requirements of this section for active duty service which the member rendered before becoming a member, if the member pays to the retirement system an amount determined pursuant to section 74 for the years of service rendered before becoming a member which are to be credited.

The total service credited under this section shall not exceed 6 years. Service shall not be credited if it is or would be credited under any other federal, state, or local publicly supported retirement system, but this restriction shall not apply to a person who has acquired or will acquire retirement eligibility under the federal government for services in the reserve. During the period of the service of a member, contributions to the reserve for employee contributions standing to the member's credit as of the last payroll date preceding military service shall be accumulated at regular interest.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

**38.1374 Service credit for member not meeting requirements of MCL 38.1373; election; computation of payment; restriction; condition.**

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

(2) For the purposes of computing payment under this section, the compensation amount used shall not be less than the highest school fiscal year compensation previously earned by a member. If the compensation amount used for computing payment under this section exceeds the member's final average compensation determined at the time of retirement, the payment required under this section shall be recomputed using the member's final average compensation and a refund shall be made based upon the recomputation.

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

(4) Service shall not be credited under this section until the member has accumulated 10 years of full-time or equated full-time service credit performed under this act or former acts.

**History:** 1980, Act 300, Imd. Eff. Oct. 31, 1980;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

**38.1374a, 38.1374b Repealed. 1989, Act 194, Eff. Jan. 31, 1991.**

**Compiler's note:** The repealed sections pertained to purchase of service credit.

**Popular name:** Act 300

**38.1375 Separation from service or reduction of hours for purposes of parental leave; purchase of service credit; refund; application; member ineligible to initiate service credit purchase; "parental leave" defined.**

Sec. 75. (1) Until September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member who left or leaves service as a public school employee; who left or leaves out-of-system public education service; or a member of the state employees' retirement system under section 13 of the state employees' retirement act, 1943 PA 240, MCL 38.13, who left or leaves service as a state employee for purposes of parental leave who subsequently becomes a member of this retirement system without other intervening employment of more than 20 hours per week for each week for which service credit was claimed may purchase service credit for the time period or periods during which the person was separated from service because of parental leave if the member satisfies the requirements of this section. The member shall submit an application as described in subsection (5) and shall pay the actuarial cost to the retirement system. The total service credited under this section must not exceed 5 years. A member requesting purchase of service credit under this section shall certify to the retirement system the purpose for which the member took leave or was separated from service as a public school employee; a person performing out-of-system public education service; or a member of the state employees' retirement system under section 13 of the state employees' retirement act, 1943 PA 240, MCL 38.13.

(2) Service credit purchased under this section must not be used to satisfy the minimum of 10 years of service credit required to receive a retirement allowance under this act.

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

(4) A member who reduces hours of employment with a reporting unit for purposes of parental leave or a person who reduces hours of out of system public education service for purposes of parental leave and who subsequently becomes a member of the retirement system may purchase service credit for those hours by which employment was reduced if all other requirements of this section are met.

(5) A member requesting purchase of service credit under this section shall submit an application as prescribed by the retirement system in which the member shall certify the time period claimed for parental leave and the purpose of the parental leave. If the request for purchase of service credit under this section is a result of leave taken to care for the member's child by birth or adoption, the member also shall submit a certified copy of a birth certificate or adoption document from the appropriate court of jurisdiction.

(6) Parental leave is creditable under this act until the child, by birth or adoption, attains age 18 or is married, whichever occurs first.

(7) After September 29, 2017 at 5 p.m. Eastern Daylight Saving Time, a member is not eligible to initiate a service credit purchase under this section.

(8) As used in this section, "parental leave" means either of the following:

(a) The presence of the member in the active participation or supervision in the day-to-day, ongoing care or maintenance of his or her child by birth or adoption, for which the member reduced or eliminated the number of hours worked for this state, in out-of-system public education service, or for the reporting unit in a normal work time period.

(b) A member's pregnancy that occurred while a member, whether brought to full term or not, childbirth, and recuperation, for which the member reduced or eliminated the number of hours worked for this state, in out-of-system public education service, or for the reporting unit in a normal work time period.

**History:** Add. 1985, Act 91, Imd. Eff. July 10, 1985;—Am. 1986, Act 123, Imd. Eff. June 2, 1986;—Am. 1989, Act 194, Imd. Eff. Aug. 25, 1989;—Am. 2006, Act 617, Eff. Jan. 1, 2009;—Am. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300

### **38.1376 Partial purchase of service credit.**

Sec. 76. On and after the effective date of this section, a member who is otherwise entitled to purchase service credit for active duty in the armed forces under section 73 or 74, or for maternity or paternity or child rearing under section 75, may purchase such service credit in separate increments equal to 1 or more full years, or a remaining fraction of a year, if any, or both. Partial purchase of service credit under this section shall not bar future such purchases otherwise in compliance with this section and sections 73, 74, and 75, but computation of the amount of payment due shall be made separately for each purchase.

**History:** Add. 1985, Act 91, Imd. Eff. July 10, 1985.

**Popular name:** Act 300

### **38.1377, 38.1378 Repealed. 1989, Act 194, Eff. Jan. 31, 1991.**

**Compiler's note:** The repealed sections pertained to purchase of service credit.

**Popular name:** Act 300

### **38.1379 Actuarial cost; recomputation.**

Sec. 79. (1) Actuarial cost shall be equal to the product of subdivisions (a), (b), and (c):

(a) A percentage, determined by the retirement board and the department, which when multiplied by a member's compensation, as determined under subdivision (b), results in the average actuarial present value of the additional benefits resulting from the crediting of 1 additional year of service. The percentage may vary because of age, credited service, or benefit coverage. An increase or decrease in the percentage under this subdivision shall not become effective before the expiration of 6 months or more after the retirement board notifies the reporting units of the increase or decrease.

(b) A member's compensation. The member's compensation shall be the member's full-time or equated full-time compensation earned in the school fiscal year immediately before the school fiscal year in which the application to purchase and payment for the service are made. The compensation amount used shall not be less than the highest compensation previously earned by the member.

(c) The number of years, including any fraction of a year, of credited service a member elects to purchase up to the maximum allowed.

(2) If the compensation amount used for computing payment under this section exceeds the member's final average compensation determined at the time of retirement, the payment required under this section shall be recomputed using the member's final average compensation and a refund shall be made based upon the recomputation.

**History:** Add. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1379a Recomputation of payment for purchase of service; refund.**

Sec. 79a. (1) Subject to subsection (2), if the compensation amount used for computing payment for a purchase of service credit under section 64, 69, 69c, 69d, 69e, 71, 74, 74a, 74b, 75, 77, or 78 before the effective date of the amendatory act that added this section exceeded the full-time or equated full-time compensation earned in the school fiscal year used in that computation, the payment for that purchase shall be recomputed using the greater of either the full-time or equated full-time compensation amount earned for the school fiscal year in which payment was made, or the highest school fiscal year compensation previously earned by the member. A refund shall be made based upon the recomputation.

(2) A refund pursuant to this section shall be made only to a member, deferred member, or retirant who makes written application to the retirement board in a form determined by the board.

**History:** Add. 1989, Act 194, Imd. Eff. Aug. 25, 1989.

**Popular name:** Act 300

### **38.1379b "Initiate a service credit purchase" defined.**

Sec. 79b. As used in this article, "initiate a service credit purchase" means to complete payment or to enter into a tax-deferred payment arrangement in a form and manner prescribed by the retirement system.

**History:** Add. 2017, Act 92, Imd. Eff. July 13, 2017.

**Popular name:** Act 300