

SENATE BILL No. 1040

March 22, 2012, Introduced by Senators KAHN, PAVLOV, JANSEN and WALKER and referred to the Committee on Appropriations.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending sections 3a, 4, 43a, 43e, 84, and 91 (MCL 38.1303a, 38.1304, 38.1343a, 38.1343e, 38.1384, and 38.1391), section 3a as added by 1996 PA 268, sections 4 and 91 as amended and section 43e as added by 2010 PA 75, section 43a as amended by 2007 PA 111, and section 84 as amended by 1989 PA 194, and by adding sections 43g, 59, 84b, 91a, and 92b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3a. (1) Except as otherwise provided in this act,
2 "compensation" means the remuneration earned by a member for
3 service performed as a public school employee.

4 (2) Compensation includes salary and wages and all of the

1 following:

2 (a) Remuneration earned for all services performed as a
3 public school employee including, but not limited to, teaching,
4 coaching, and participation in extracurricular activities.

5 (b) ~~On~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), ON** a
6 current basis, investments made in a tax sheltered annuity for a
7 public school employee as remuneration for service under this
8 act. The remuneration shall be valued at the amount of money
9 actually paid into the annuity.

10 (c) All amounts deducted from the pay of a public school
11 employee, including amounts deducted pursuant to the member
12 investment plan.

13 (d) ~~Longevity~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION**
14 **(3), LONGEVITY** pay.

15 (e) Overtime pay for service performed outside of what is
16 considered normal working hours for the affected employee.

17 (f) Pay for vacation, holiday, and sick leave while absent
18 from work. As used in this subdivision, "sick leave" includes
19 weekly worker's disability compensation payments received for
20 personal injury in the employ of and while employed by a
21 reporting unit.

22 (g) Items of deferred compensation, exclusive of employer
23 contributions to the retirement system.

24 (h) ~~Merit~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3),**
25 **MERIT** pay as established by a reporting unit for the purpose of
26 rewarding achievement of specific performance objectives.

27 (3) Compensation does not include any of the following:

1 (a) Payments for unused sick or annual leave.

2 (b) Bonus payments.

3 (c) Payments for hospitalization insurance and life
4 insurance premiums.

5 (d) Other fringe benefits paid by and from the funds of
6 employers of public school employees.

7 (e) Remuneration paid for the specific purpose of increasing
8 the final average compensation.

9 (f) Compensation in excess of an amount over the level of
10 compensation reported for the preceding year except increases
11 provided by the normal salary schedule for the current job
12 classification. ~~In cases where~~ **IF** the current job classification
13 in the reporting unit has less than 3 members, the normal salary
14 schedule for the most nearly identical job classification in the
15 reporting unit or in similar reporting units shall be used.

16 **(G) BEGINNING JULY 1, 2012, ANY OF THE FOLLOWING:**

17 **(i) INVESTMENTS MADE IN A TAX SHELTERED ANNUITY PREVIOUSLY**
18 **ALLOWED UNDER SUBSECTION (2) (B) .**

19 **(ii) LONGEVITY PAY PREVIOUSLY ALLOWED UNDER SUBSECTION**
20 **(2) (D) .**

21 **(iii) MERIT PAY PREVIOUSLY ALLOWED UNDER SUBSECTION (2) (H) .**

22 (4) The retirement board shall require a sworn affidavit
23 from the member that final compensation does not include
24 remuneration paid either directly or indirectly for actual or
25 anticipated expenses.

26 (5) Based upon information and documentation provided by the
27 member, the retirement board shall determine both of the

1 following:

2 (a) Whether any form of remuneration paid to a member is
3 identified in this section.

4 (b) Whether any form of remuneration that is not identified
5 in this section should be considered compensation reportable to
6 the retirement system under this section.

7 (6) In ~~any A case where~~ **IN WHICH** a petitioner seeks to have
8 remuneration included in compensation reportable to the
9 retirement system, the petitioner ~~shall have~~ **HAS** the burden of
10 proof.

11 Sec. 4. (1) "Compound interest" means interest compounded
12 annually on July 1 on the contributions on account as of the
13 previous July 1 and computed at the rate of investment return
14 determined under section 104a(1) for the last completed state
15 fiscal year.

16 (2) "Contributory service" means credited service other than
17 noncontributory service.

18 (3) "Deferred member" means a member who has ceased to be a
19 public school employee and has satisfied the requirements of
20 section 82 for a deferred vested service retirement allowance.

21 (4) "Department" means the department of technology,
22 management, and budget.

23 (5) "Designated date" means September 30, 2006.

24 (6) "Direct rollover" means a payment by the retirement
25 system to the eligible retirement plan specified by the
26 distributee.

27 (7) "Distributee" includes a member or deferred member.

1 Distributee also includes the member's or deferred member's
2 surviving spouse or the member's or deferred member's spouse or
3 former spouse under an eligible domestic relations order, with
4 regard to the interest of the spouse or former spouse.

5 (8) Beginning January 1, 2002, except as otherwise provided
6 in this subsection, "eligible retirement plan" means 1 or more of
7 the following:

8 (a) An individual retirement account described in section
9 408(a) of the internal revenue code, 26 USC 408.

10 (b) An individual retirement annuity described in section
11 408(b) of the internal revenue code, 26 USC 408.

12 (c) An annuity plan described in section 403(a) of the
13 internal revenue code, 26 USC 403.

14 (d) A qualified trust described in section 401(a) of the
15 internal revenue code, 26 USC 401.

16 (e) An annuity contract described in section 403(b) of the
17 internal revenue code, 26 USC 403.

18 (f) An eligible plan under section 457(b) of the internal
19 revenue code, 26 USC 457, ~~which~~**THAT** is maintained by a state, **A**
20 political subdivision of a state, or an agency or instrumentality
21 of a state or political subdivision of a state and ~~which~~**THAT**
22 agrees to separately account for amounts transferred into ~~such~~
23 **THE** eligible plan under section 457(b) of the internal revenue
24 code, 26 USC 457, from this retirement system, that accepts the
25 distributee's eligible rollover distribution. However, in the
26 case of an eligible rollover distribution to a surviving spouse,
27 an eligible retirement plan means an individual retirement

1 account or an individual retirement annuity described above.

2 (g) Beginning January 1, 2008, except as otherwise provided
3 in this subsection, "eligible retirement plan" means a Roth
4 individual retirement account as described in section 408A of the
5 internal revenue code, 26 USC 408A.

6 (9) Beginning January 1, 2007, "eligible rollover
7 distribution" means a distribution of all or any portion of the
8 balance to the credit of the distributee. Eligible rollover
9 distribution does not include any of the following:

10 (a) A distribution made for the life or life expectancy of
11 the distributee or the joint lives or joint life expectancies of
12 the distributee and the distributee's designated beneficiary.

13 (b) A distribution for a specified period of 10 years or
14 more.

15 (c) A distribution to the extent that the distribution is
16 required under section 401(a)(9) of the internal revenue code, 26
17 USC 401.

18 (d) The portion of any distribution that is not includable
19 in federal gross income, except to the extent ~~such~~**THE** portion of
20 the distribution is paid to any of the following:

21 (i) An individual retirement account or annuity described in
22 section 408(a) or 408(b) of the internal revenue code, 26 USC
23 408.

24 (ii) A qualified plan described in section 401(a) of the
25 internal revenue code, 26 USC 401, or an annuity contract
26 described in section 403(b) of the internal revenue code, 26 USC
27 403, and the plan providers agree to separately account for the

1 amounts paid, including any portion of the distribution that is
2 includable in federal gross income, and the portion of the
3 distribution ~~which~~**THAT** is not so includable.

4 (10) "Employee organization professional services leave" or
5 "professional services leave" means a leave of absence that is
6 renewed annually by the reporting unit so that a member may
7 accept a position with a public school employee organization to
8 which he or she belongs and ~~which~~**THAT** represents employees of a
9 reporting unit in employment matters. The member shall be
10 included in membership of the retirement system during a
11 professional services leave if all of the conditions of section
12 71(5) and (6) are satisfied.

13 (11) "Employee organization professional services released
14 time" or "professional services released time" means a portion of
15 the school fiscal year during which a member is released by the
16 reporting unit from his or her regularly assigned duties to
17 engage in employment matters for a public school employee
18 organization to which he or she belongs. The member's
19 compensation received or service rendered, or both, as
20 applicable, by ~~a~~**THE** member while on professional services
21 released time ~~shall be~~**IS** reportable to the retirement system if
22 all of the conditions of section 71(5) and (6) are satisfied.

23 (12) ~~Final~~**EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,**
24 **"FINAL** average compensation" means the aggregate amount of a
25 member's compensation earned within the averaging period in which
26 the aggregate amount of compensation was highest divided by the
27 member's number of years, including any fraction of a year, of

1 credited service during the averaging period. The averaging
2 period shall be 36 consecutive calendar months if the member
3 contributes to the member investment plan except for a member who
4 contributes to the member investment plan and first became a
5 member on or after July 1, 2010; otherwise, the averaging period
6 shall be 60 consecutive calendar months. A member who contributes
7 to the member investment plan and first became a member on or
8 after July 1, 2010 shall also have an averaging period of 60
9 consecutive calendar months. If the member has less than 1 year
10 of credited service in the averaging period, the number of
11 consecutive calendar months in the averaging period shall be
12 increased to the lowest number of consecutive calendar months
13 that contains 1 year of credited service. **FOR A MEMBER WHO FIRST
14 BECOMES A MEMBER ON OR AFTER JULY 1, 2012, FINAL AVERAGE
15 COMPENSATION SHALL NOT EXCEED \$100,000.00 OR THE ADJUSTED AMOUNT
16 DETERMINED UNDER THIS SUBSECTION, WHICHEVER IS GREATER. BEGINNING
17 JANUARY 1, 2013, THE RETIREMENT SYSTEM SHALL ANNUALLY ADJUST THE
18 FINAL AVERAGE COMPENSATION LIMITATION IN THIS SUBSECTION BY AN
19 AMOUNT DETERMINED BY THE RETIREMENT SYSTEM AT THE END OF EACH
20 CALENDAR YEAR TO REFLECT THE CUMULATIVE ANNUAL PERCENTAGE CHANGE
21 IN THE CONSUMER PRICE INDEX. AS USED IN THIS SUBSECTION,
22 "CONSUMER PRICE INDEX" MEANS THE MOST COMPREHENSIVE INDEX OF
23 CONSUMER PRICES AVAILABLE FOR THIS STATE FROM THE BUREAU OF LABOR
24 STATISTICS OF THE UNITED STATES DEPARTMENT OF LABOR.**

25 (13) "Health benefits" means hospital, medical-surgical, and
26 sick care benefits and dental, vision, and hearing benefits for
27 retirants, retirement allowance beneficiaries, and health

1 insurance dependents provided pursuant to section 91.

2 (14) "Internal revenue code" means the United States
3 internal revenue code of 1986.

4 (15) "Long-term care insurance" means group insurance that
5 is authorized by the retirement system for retirants, retirement
6 allowance beneficiaries, and health insurance dependents, as that
7 term is defined in section 91, to cover the costs of services
8 provided to retirants, retirement allowance beneficiaries, and
9 health insurance dependents, from nursing homes, assisted living
10 facilities, home health care providers, adult day care providers,
11 and other similar service providers.

12 (16) "Member investment plan" means the program of member
13 contributions described in section 43a.

14 Sec. 43a. (1) The contributions of a member who contributes
15 to the member investment plan shall be deducted by the employer
16 and remitted as employer contributions to the retirement system
17 pursuant to section 42. A member who contributes to the member
18 investment plan is entitled to the benefits provided in sections
19 43b and 43c.

20 (2) ~~Until December 31, 1989~~ **EXCEPT AS OTHERWISE PROVIDED IN**
21 **SUBSECTION (7)**, a member who first became a member on or before
22 December 31, 1989 ~~—~~ and who elected or elects on or before
23 December 31, 1989 to contribute to the member investment plan
24 ~~shall contribute 4% of the member's compensation to the member~~
25 ~~investment plan and beginning January 1, 1990 shall contribute~~
26 3.9% of the member's compensation to the member investment plan.

27 ~~— (3) On or before January 1, 1993, a member who first became~~

1 ~~a member on or before December 31, 1989, except as otherwise~~
2 ~~provided in subsection (4), and who did not elect to make~~
3 ~~contributions to the member investment plan, may irrevocably~~
4 ~~elect to make the contributions described in subsection (2). In~~
5 ~~addition to making the contributions required under subsection~~
6 ~~(2), a member who elects to make contributions to the member~~
7 ~~investment plan under this subsection shall make a contribution~~
8 ~~of 4% of the compensation received on or after January 1, 1987 to~~
9 ~~December 31, 1989, and 3.9% of the compensation received on or~~
10 ~~after January 1, 1990 to the date of the election, plus an amount~~
11 ~~equal to the compound interest that would have accumulated on~~
12 ~~those contributions as described in section 33, plus an amount~~
13 ~~equal to the net actuarial cost of the additional benefits~~
14 ~~attributable to service credited before January 1, 1987, as~~
15 ~~determined by the retirement board. The method and timing of~~
16 ~~payment by a member under this subsection shall be determined by~~
17 ~~the retirement board. The contributions made under this~~
18 ~~subsection shall be deposited into the reserve for employee~~
19 ~~contributions.~~

20 (3) ~~(4)~~ **A-EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7), A**
21 ~~member who first became a member on or before December 31, 1986~~
22 ~~but did not perform membership service between December 31, 1986~~
23 ~~and January 1, 1990, and who returns to membership service on or~~
24 ~~after January 1, 1990 and before July 1, 2008, shall make the~~
25 ~~contributions described in subsection (7)-(5).~~

26 (4) ~~(5)~~ **A-EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7), A**
27 ~~member who first became a member on or after January 1, 1990 and~~

1 before July 1, 2008 shall make the contributions described in
2 subsection ~~(7)~~-(5).

3 ~~—— (6) A member who first became a member on or after January~~
4 ~~1, 1987 but before January 1, 1990 shall have 30 days from his or~~
5 ~~her first date of employment to irrevocably elect to make the~~
6 ~~contributions described in subsection (2).~~

7 (5) ~~(7) A~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7), A
8 member who first became a member on or after January 1, 1990 and
9 before July 1, 2008 shall contribute the following amounts to the
10 member investment plan:

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

18 (6) ~~(8) A~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7), A
19 member who first became a member on or after July 1, 2008 shall
20 contribute the following amounts to the member investment plan:

21 <u>Member's annual school</u>	<u>Amount payable to the member</u>
22 <u>fiscal year earned compensation</u>	<u>investment plan</u>
23 Not over \$5,000.00	3% of member's compensation
24 Over \$5,000.00 but not over	\$150.00, plus 3.6% of excess
25 \$15,000.00	over \$5,000.00
26 Over \$15,000.00	\$510.00, plus 6.4% of the
27	excess over \$15,000.00

1 (7) BEGINNING OCTOBER 1, 2012, A MEMBER DESCRIBED IN
2 SUBSECTIONS (1) TO (6) WHO MAKES THE ELECTION UNDER SECTION 59(1)
3 AND WHO DOES NOT MAKE THE ATTAINMENT DATE DESIGNATION UNDER
4 SECTION 59(1) SHALL CONTRIBUTE THE PERCENTAGE OF THE MEMBER'S
5 ANNUAL SCHOOL FISCAL YEAR EARNED COMPENSATION TO THE RETIREMENT
6 SYSTEM AS PRESCRIBED IN SECTION 43G UNTIL TERMINATION OF
7 EMPLOYMENT. BEGINNING OCTOBER 1, 2012, A MEMBER DESCRIBED IN
8 SUBSECTIONS (1) TO (6) WHO MAKES THE ELECTION AND ATTAINMENT DATE
9 DESIGNATION UNDER SECTION 59(1) SHALL CONTRIBUTE THE PERCENTAGE
10 OF THE MEMBER'S ANNUAL SCHOOL FISCAL YEAR EARNED COMPENSATION TO
11 THE RETIREMENT SYSTEM AS PRESCRIBED IN SECTION 43G UNTIL HIS OR
12 HER ATTAINMENT DATE AND SHALL CONTRIBUTE THE PERCENTAGE OF THE
13 MEMBER'S ANNUAL SCHOOL FISCAL YEAR EARNED COMPENSATION TO THE
14 RETIREMENT SYSTEM AS PRESCRIBED IN THIS SECTION ON AND AFTER HIS
15 OR HER ATTAINMENT DATE UNTIL TERMINATION OF EMPLOYMENT. BEGINNING
16 OCTOBER 1, 2012, A MEMBER DESCRIBED IN SUBSECTIONS (1) TO (6) WHO
17 MAKES OR IS CONSIDERED TO HAVE MADE THE ALTERNATIVE ELECTION
18 UNDER SECTION 59(2) (A) SHALL CONTINUE TO CONTRIBUTE THE
19 PERCENTAGE OF THE MEMBER'S ANNUAL SCHOOL FISCAL YEAR EARNED
20 COMPENSATION TO THE RETIREMENT SYSTEM AS PRESCRIBED IN THIS
21 SECTION UNTIL TERMINATION OF EMPLOYMENT. BEGINNING OCTOBER 1,
22 2012, A MEMBER DESCRIBED IN SUBSECTIONS (1) TO (6) WHO MAKES THE
23 ALTERNATIVE ELECTION UNDER SECTION 59(2) (B) SHALL NOT CONTRIBUTE
24 ANY PERCENTAGE OF THE MEMBER'S ANNUAL SCHOOL FISCAL YEAR EARNED
25 COMPENSATION TO THE RETIREMENT SYSTEM UNDER THIS SECTION OR
26 SECTION 43G.

1 Sec. 43e. ~~(1) Except as otherwise provided in this section,~~
2 ~~beginning July 1, 2010, each~~ **EACH** member **WHO FIRST BECAME A**
3 **MEMBER BEFORE JULY 1, 2012** shall contribute 3% of the member's
4 compensation to the appropriate funding account established under
5 the public employee retirement health care funding act, **2010 PA**
6 **77, MCL 38.2731 TO 38.2747**. ~~For the school fiscal year that~~
7 ~~begins July 1, 2010, members who were employed by a reporting~~
8 ~~unit and were paid less than \$18,000.00 in the prior school~~
9 ~~fiscal year and members who were hired on or after July 1, 2010~~
10 ~~with a starting salary less than \$18,000.00 shall contribute 1.5%~~
11 ~~of the member's compensation to the appropriate funding account~~
12 ~~established under the public employee retirement health care~~
13 ~~funding act. For each school fiscal year that begins on or after~~
14 ~~July 1, 2011, members whose yearly salary is less than \$18,000.00~~
15 ~~shall contribute 3% of the member's compensation to the~~
16 ~~appropriate funding account established under the public employee~~
17 ~~retirement health care funding act. The member contributions~~
18 shall be deducted by the employer and remitted as employer
19 contributions in a manner that the retirement system shall
20 determine.

21 ~~——(2) As used in this act,~~ **SECTION**, "funding account" means
22 the appropriate irrevocable trust created in the public employee
23 retirement health care funding act, **2010 PA 77, MCL 38.2731 TO**
24 **38.2747**, for the deposit of funds and the payment of retirement
25 health care benefits.

26 **SEC. 43G. (1) BEGINNING WITH THE FIRST PAY DATE AFTER**
27 **OCTOBER 1, 2012 AND ENDING UPON THE MEMBER'S TERMINATION OF**

1 EMPLOYMENT OR ATTAINMENT DATE, AS APPLICABLE UNDER SECTION 59(1),
2 EACH MEMBER WHO MADE THE ELECTION UNDER SECTION 59(1) SHALL
3 CONTRIBUTE AN AMOUNT EQUAL TO A PERCENTAGE OF HIS OR HER
4 COMPENSATION TO THE RESERVE FOR EMPLOYEE CONTRIBUTIONS TO PROVIDE
5 FOR THE AMOUNT OF RETIREMENT ALLOWANCE THAT IS CALCULATED ONLY ON
6 THE CREDITED SERVICE AND COMPENSATION RECEIVED BY THAT MEMBER
7 AFTER SEPTEMBER 30, 2012. THE MEMBER SHALL NOT CONTRIBUTE ANY
8 AMOUNT UNDER THIS SUBSECTION FOR ANY YEARS OF CREDITED SERVICE
9 ACCRUED OR COMPENSATION RECEIVED BEFORE OCTOBER 1, 2012. THE
10 AMOUNT TO BE CONTRIBUTED UNDER THIS SUBSECTION IS AS FOLLOWS:

11 (A) FOR A MEMBER WHO DOES NOT CONTRIBUTE TO THE MEMBER
12 INVESTMENT PLAN AS OF JUNE 30, 2012, 5% OF COMPENSATION.

13 (B) FOR A MEMBER WHO DOES CONTRIBUTE TO THE MEMBER
14 INVESTMENT PLAN AS OF JUNE 30, 2012, 8% OF COMPENSATION.

15 (2) THE RETIREMENT SYSTEM AND EMPLOYER SHALL DETERMINE A
16 METHOD OF DEDUCTING THE CONTRIBUTIONS PROVIDED FOR IN THIS
17 SECTION FROM THE COMPENSATION OF EACH MEMBER FOR EACH PAYROLL AND
18 EACH PAYROLL PERIOD.

19 (3) THE EMPLOYER SHALL PICK UP THE MEMBER CONTRIBUTIONS
20 REQUIRED BY SUBSECTION (1) FOR ALL COMPENSATION RECEIVED ON OR
21 AFTER OCTOBER 1, 2012. CONTRIBUTIONS PICKED UP SHALL BE TREATED
22 AS EMPLOYER CONTRIBUTIONS IN DETERMINING TAX TREATMENT UNDER THE
23 INTERNAL REVENUE CODE. THE EMPLOYER SHALL PAY THESE MEMBER
24 CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS THAT IS USED IN
25 PAYING COMPENSATION TO THE MEMBER.

26 (4) A MEMBER IS ENTITLED TO THE BENEFIT OF ALL CONTRIBUTIONS
27 MADE UNDER THIS SECTION IN THE SAME MANNER AS PROVIDED UNDER

1 SECTION 29.

2 SEC. 59. (1) THE RETIREMENT SYSTEM SHALL PERMIT EACH MEMBER
3 WHO FIRST BECAME A MEMBER BEFORE JULY 1, 2010 AND WHO IS A MEMBER
4 ON JUNE 30, 2012 TO MAKE AN ELECTION WITH THE RETIREMENT SYSTEM
5 TO CONTINUE TO RECEIVE CREDIT FOR ANY FUTURE SERVICE AND
6 COMPENSATION ON AND AFTER OCTOBER 1, 2012, FOR PURPOSES OF A
7 CALCULATION OF A RETIREMENT ALLOWANCE UNDER THIS ACT THAT IS NOT
8 REDUCED UNDER SECTION 84(2). AS PART OF THE ELECTION UNDER THIS
9 SUBSECTION, THE RETIREMENT SYSTEM SHALL PERMIT THE MEMBER TO MAKE
10 A DESIGNATION THAT THE CONTRIBUTIONS PRESCRIBED IN SECTION 43G
11 SHALL BE PAID ONLY UNTIL THE MEMBER'S ATTAINMENT DATE. A MEMBER
12 WHO MAKES THE ELECTION AND THE ATTAINMENT DATE DESIGNATION UNDER
13 THIS SUBSECTION SHALL MAKE THE CONTRIBUTIONS PRESCRIBED IN
14 SECTION 43G ONLY UNTIL THE MEMBER'S ATTAINMENT DATE AND SHALL
15 MAKE THE CONTRIBUTIONS PRESCRIBED IN SECTION 43A ON AND AFTER HIS
16 OR HER ATTAINMENT DATE. A MEMBER WHO MAKES THE ELECTION AND THE
17 ATTAINMENT DATE DESIGNATION UNDER THIS SUBSECTION SHALL CONTINUE
18 TO RECEIVE CREDIT FOR ANY FUTURE SERVICE AND COMPENSATION AFTER
19 HIS OR HER ATTAINMENT DATE FOR THE PURPOSE OF THE CALCULATION OF
20 A RETIREMENT ALLOWANCE UNDER SECTION 84B. A MEMBER WHO MAKES THE
21 ELECTION UNDER THIS SUBSECTION AND WHO DOES NOT MAKE THE
22 ATTAINMENT DATE DESIGNATION OR RESCINDS THE ATTAINMENT DATE
23 DESIGNATION UNDER THIS SUBSECTION SHALL MAKE THE CONTRIBUTIONS
24 PRESCRIBED IN SECTION 43G UNTIL TERMINATION OF EMPLOYMENT. A
25 MEMBER WHO MAKES THE ELECTION UNDER THIS SUBSECTION AND WHO DOES
26 NOT MAKE THE ATTAINMENT DATE DESIGNATION UNDER THIS SUBSECTION
27 SHALL RECEIVE CREDIT FOR ANY FUTURE SERVICE AND COMPENSATION FOR

1 THE PURPOSE OF THE CALCULATION OF A RETIREMENT ALLOWANCE UNDER
2 SECTION 84B.

3 (2) THE RETIREMENT SYSTEM SHALL PERMIT EACH MEMBER WHO FIRST
4 BECAME A MEMBER BEFORE JULY 1, 2012 AND WHO IS A MEMBER ON JUNE
5 30, 2012 TO MAKE AN ALTERNATIVE ELECTION DESCRIBED IN THIS
6 SUBSECTION WITH THE RETIREMENT SYSTEM, IF THE MEMBER DOES NOT
7 MAKE THE ELECTION OR THE ELECTION AND DESIGNATION UNDER
8 SUBSECTION (1). A MEMBER WHO DOES NOT MAKE THE ELECTION OR THE
9 ELECTION AND DESIGNATION UNDER SUBSECTION (1) AND WHO DOES NOT
10 MAKE AN ALTERNATIVE ELECTION DESCRIBED IN THIS SUBSECTION IS
11 CONSIDERED TO HAVE MADE THE ALTERNATIVE ELECTION DESCRIBED IN
12 SUBDIVISION (A). A MEMBER WHO DOES NOT MAKE THE ELECTION OR THE
13 ELECTION AND DESIGNATION UNDER SUBSECTION (1) SHALL MAKE 1 OF THE
14 FOLLOWING ALTERNATIVE ELECTIONS:

15 (A) TO CONTINUE TO RECEIVE CREDIT FOR ANY FUTURE SERVICE AND
16 COMPENSATION ON AND AFTER OCTOBER 1, 2012, FOR THE PURPOSE OF THE
17 CALCULATION OF A RETIREMENT ALLOWANCE UNDER SECTION 84B. A MEMBER
18 WHO MAKES OR IS CONSIDERED TO HAVE MADE THE ALTERNATIVE ELECTION
19 IN THIS SUBDIVISION SHALL CONTINUE TO MAKE THE EMPLOYEE
20 CONTRIBUTIONS AS PROVIDED IN SECTION 43A AND SHALL NOT MAKE THE
21 EMPLOYEE CONTRIBUTIONS DESCRIBED IN SECTION 43G.

22 (B) TO FREEZE ALL SERVICE AND COMPENSATION ACCRUED TO THAT
23 MEMBER AS OF SEPTEMBER 30, 2012 FOR THE PURPOSE OF THE
24 CALCULATION OF A RETIREMENT ALLOWANCE UNDER SECTION 84B AND,
25 BEGINNING OCTOBER 1, 2012, TO BE ELIGIBLE FOR THE EMPLOYER
26 CONTRIBUTION TO THE MEMBER'S TIER 2 ACCOUNT AS PROVIDED IN
27 SECTION 84B. A MEMBER WHO MAKES THE ALTERNATIVE ELECTION IN THIS

1 SUBDIVISION SHALL NOT MAKE THE EMPLOYEE CONTRIBUTIONS DESCRIBED
2 IN SECTION 43A OR 43G.

3 (3) THE RETIREMENT SYSTEM SHALL DETERMINE A METHOD OF
4 ACCEPTING MEMBER ELECTIONS, DESIGNATIONS, AND ALTERNATIVE
5 ELECTIONS UNDER THIS SECTION. THE RETIREMENT SYSTEM SHALL ACCEPT
6 ELECTIONS, DESIGNATIONS, AND ALTERNATIVE ELECTIONS UNDER THIS
7 SECTION FROM MEMBERS DURING AN ELECTION PERIOD THAT BEGINS ON
8 JULY 2, 2012 AND ENDS AT 5 P.M. EASTERN DAYLIGHT TIME ON AUGUST
9 31, 2012. A MEMBER MAY RESCIND AN ELECTION, DESIGNATION, OR
10 ALTERNATIVE ELECTION ON OR BEFORE THE CLOSE OF THE ELECTION
11 PERIOD. AN ELECTION, DESIGNATION, OR ALTERNATIVE ELECTION MADE BY
12 A MEMBER AND NOT RESCINDED ON OR BEFORE THE CLOSE OF THE ELECTION
13 PERIOD SHALL NOT BE RESCINDED.

14 (4) A MEMBER WHO DOES NOT MAKE OR WHO RESCINDS THE ELECTION
15 UNDER SUBSECTION (1) ON OR BEFORE THE CLOSE OF THE ELECTION
16 PERIOD AND WHO MAKES OR IS CONSIDERED TO HAVE MADE THE
17 ALTERNATIVE ELECTION UNDER SUBSECTION (2) (A) IS SUBJECT TO ALL OF
18 THE FOLLOWING:

19 (A) HE OR SHE CEASES TO RECEIVE CREDIT FOR ANY FUTURE
20 SERVICE AND COMPENSATION FOR PURPOSES OF A CALCULATION OF A
21 RETIREMENT ALLOWANCE AS PRESCRIBED IN SECTION 84, BEGINNING 12
22 MIDNIGHT ON SEPTEMBER 30, 2012.

23 (B) HE OR SHE BECOMES SUBJECT TO SECTION 84B FOR ANY FUTURE
24 SERVICE AND COMPENSATION ON OR AFTER 12:01 A.M. ON OCTOBER 1,
25 2012 FOR PURPOSES OF A CALCULATION OF A RETIREMENT ALLOWANCE.

26 (C) HE OR SHE SHALL RECEIVE A RETIREMENT ALLOWANCE
27 CALCULATED UNDER SECTION 84 THAT IS BASED ONLY ON CREDITED

1 SERVICE AND COMPENSATION ALLOWED UNDER SECTION 84B(1) AND (2).
2 THIS SUBDIVISION DOES NOT AFFECT A PERSON'S RIGHT TO HEALTH
3 INSURANCE COVERAGE PROVIDED UNDER SECTION 91 OR CREDIT FOR
4 SERVICE PROVIDED UNDER SECTION 84B(7).

5 (5) A MEMBER WHO DOES NOT MAKE OR WHO RESCINDS AN ELECTION
6 UNDER SUBSECTION (1) AND WHO MAKES THE ALTERNATIVE ELECTION UNDER
7 SUBSECTION (2) (B) ON OR BEFORE THE CLOSE OF THE ELECTION PERIOD
8 UNDER THIS SECTION IS SUBJECT TO ALL OF THE FOLLOWING:

9 (A) HE OR SHE CEASES TO RECEIVE CREDIT FOR ANY FUTURE
10 SERVICE AND COMPENSATION FOR PURPOSES OF A CALCULATION OF A
11 RETIREMENT ALLOWANCE AS PRESCRIBED IN SECTION 84, BEGINNING 12
12 MIDNIGHT ON SEPTEMBER 30, 2012.

13 (B) HE OR SHE BECOMES SUBJECT TO SECTION 84B FOR ANY FUTURE
14 SERVICE AND COMPENSATION ON OR AFTER 12:01 A.M. ON OCTOBER 1,
15 2012 FOR PURPOSES OF A CALCULATION OF A RETIREMENT ALLOWANCE AND
16 ELIGIBILITY FOR THE EMPLOYER CONTRIBUTION TO THE MEMBER'S TIER 2
17 ACCOUNT.

18 (C) HE OR SHE SHALL RECEIVE A RETIREMENT ALLOWANCE
19 CALCULATED UNDER SECTION 84 THAT IS BASED ONLY ON CREDITED
20 SERVICE AND COMPENSATION ALLOWED UNDER SECTION 84B(3) AND (4).
21 THIS SUBDIVISION DOES NOT AFFECT A PERSON'S RIGHT TO HEALTH
22 INSURANCE COVERAGE PROVIDED UNDER SECTION 91 OR CREDIT FOR
23 SERVICE PROVIDED UNDER SECTION 84B(7).

24 (6) A MEMBER WHO MAKES THE ELECTION AND THE ATTAINMENT DATE
25 DESIGNATION UNDER SUBSECTION (1) AND WHO DOES NOT RESCIND THE
26 ELECTION AND DESIGNATION ON OR BEFORE THE CLOSE OF THE ELECTION
27 PERIOD UNDER THIS SECTION IS SUBJECT TO ALL OF THE FOLLOWING:

1 (A) HE OR SHE CEASES TO RECEIVE CREDIT FOR ANY FUTURE
2 SERVICE AND COMPENSATION FOR PURPOSES OF A CALCULATION OF A
3 RETIREMENT ALLOWANCE AS PRESCRIBED IN SECTION 84, BEGINNING 12
4 MIDNIGHT ON THE MEMBER'S ATTAINMENT DATE.

5 (B) HE OR SHE BECOMES SUBJECT TO SECTION 84B FOR ANY FUTURE
6 SERVICE AND COMPENSATION ON OR AFTER 12:01 A.M. ON THE DAY AFTER
7 THE ATTAINMENT DATE IF HE OR SHE REMAINS EMPLOYED BY AN EMPLOYER.

8 (C) HE OR SHE SHALL RECEIVE A RETIREMENT ALLOWANCE
9 CALCULATED UNDER SECTION 84 THAT IS BASED ONLY ON CREDITED
10 SERVICE AND COMPENSATION ALLOWED UNDER SECTION 84B(5) AND (6).
11 THIS SUBDIVISION DOES NOT AFFECT A PERSON'S RIGHT TO HEALTH
12 INSURANCE COVERAGE PROVIDED UNDER SECTION 91 OR CREDIT FOR
13 SERVICE PROVIDED UNDER SECTION 84B(7).

14 (7) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION OR
15 SUBSECTION (8), A DEFERRED MEMBER OR FORMER NONVESTED MEMBER WHO
16 IS REEMPLOYED ON OR AFTER JULY 1, 2012 SHALL BE TREATED IN THE
17 SAME MANNER AS A MEMBER DESCRIBED IN SUBSECTION (4) AND SHALL
18 BECOME SUBJECT TO SECTION 84B FOR ANY FUTURE SERVICE AND
19 COMPENSATION. HOWEVER, A DEFERRED MEMBER OR FORMER NONVESTED
20 MEMBER WHO, WHILE A MEMBER, MADE THE ELECTION UNDER SUBSECTION
21 (1) SHALL HAVE THE CREDITED SERVICE ACCRUED AND COMPENSATION
22 RECEIVED DURING THE TIME HE OR SHE MADE THE CONTRIBUTIONS UNDER
23 SECTION 43G INCLUDED IN THE CALCULATION OF A RETIREMENT ALLOWANCE
24 UNDER THIS ACT.

25 (8) A FORMER NONVESTED MEMBER WHO IS REEMPLOYED ON OR AFTER
26 JULY 1, 2014 IS NOT ELIGIBLE FOR A RETIREMENT ALLOWANCE BASED ON
27 ANY PAST SERVICE AND COMPENSATION BEFORE HIS OR HER DATE OF

1 REEMPLOYMENT AND SHALL BE TREATED AS BEING FIRST EMPLOYED BY HIS
2 OR HER EMPLOYER ON HIS OR HER DATE OF REEMPLOYMENT.

3 (9) AS USED IN THIS SECTION, "ATTAINMENT DATE" MEANS THAT
4 TERM AS DEFINED IN SECTION 84B.

5 Sec. 84. (1) ~~Except~~ **SUBJECT TO SECTION 84B AND EXCEPT** as
6 provided in subsection (2), upon the member's retirement from
7 service as provided in section 81, a member shall receive a
8 retirement allowance that equals the product of the member's
9 total years, and fraction of a year, of credited service
10 multiplied by 1.5% of the member's final average compensation. A
11 member shall not be allowed to use more than 15 years of out of
12 system public education service, or more out of system public
13 education service than service performed under this act or former
14 ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA 136** unless, before
15 July 1, 1974, the member applied for out of system public
16 education service credit based upon payment of contributions for
17 the service as required under section 69, or former acts, in
18 which case the total out of system public education service
19 credited, not to exceed 15 years, shall be used to compute the
20 member's retirement allowance if the minimum service requirements
21 performed under this act or former acts or as a state employee
22 under the state employees' retirement act, ~~Act No. 240 of the~~
23 ~~Public Acts of 1943, as amended,~~ **1943 PA 240, MCL 38.1 TO 38.69,**
24 are met. Credit for state of Michigan service shall be on the
25 same basis for eligibility for retirement provided in this act as
26 if the service were performed under this act, former ~~Act No. 136~~
27 ~~of the Public Acts of 1945, former Act No. 56 of the Public Acts~~

1 ~~of 1941, or former Act No. 184 of the Public Acts of 1937.~~ **1945 PA**
2 **136, FORMER 1941 PA 56, OR FORMER 1937 PA 184.**

3 (2) If a member having less than 30 years credited service
4 retires before the member's sixtieth birthday as provided in
5 section 81, the member's retirement allowance provided in
6 subsection (1) shall be reduced 1/2 of 1% for each month, and
7 fraction of a month, within the period from the effective date of
8 the member's retirement to the date of the member's sixtieth
9 birthday, and shall continue at that same percentage after
10 becoming 60 years of age.

11 (3) The reduction of 1/2 of 1% for each month and fraction
12 of a month from the member's retirement allowance effective date
13 to the date of the member's sixtieth birthday provided for in
14 ~~former Act No. 136 of the Public Acts of 1945,~~ **1945 PA 136,**
15 applicable to a member who retired before July 1, 1974 and before
16 attainment of age 60, shall not apply to a member who retired
17 before that date, at age 55 or more, having 30 or more years of
18 credited service. The retirement allowance shall be recalculated
19 disregarding the reduction and the person receiving the
20 retirement allowance shall be eligible to receive an adjusted
21 retirement allowance based on the recalculation beginning January
22 1, 1986, but shall not be eligible to receive the adjusted amount
23 attributable to any month beginning before January 1, 1986.

24 (4) The reduction provided for in subsection (2) shall not
25 apply to a member who retires under either section 86 or 87, or
26 to a retirement allowance beneficiary who is granted an allowance
27 under section 43c(c), 89, or 90.

1 (5) The retirement allowance of a person who satisfies the
2 requirements of this subsection shall be recalculated based on
3 1.5% of final average compensation times years of credited
4 service. The person receiving the retirement allowance shall be
5 eligible to receive an adjusted retirement allowance based on the
6 recalculation beginning January 1, 1986, but shall not be
7 eligible to receive the adjusted amount attributable to any month
8 beginning before January 1, 1986. A retirement allowance shall be
9 recalculated under this subsection if 1 of the following applies:

10 (a) The retirement allowance was payable to a retirant or
11 retirement allowance beneficiary under chapter II of former ~~Act~~
12 ~~No. 136 of the Public Acts of 1945~~ **PA 136** and the retirement
13 allowance effective date was on or after July 1, 1956 but before
14 July 1, 1974.

15 (b) The retirement allowance was payable to a plan II
16 retirant or retirement allowance beneficiary under chapter I of
17 former ~~Act No. 136 of the Public Acts of 1945~~ **PA 136** and the
18 retirement allowance effective date was before July 1, 1974.

19 (6) A member retiring pursuant to section 81 who acquires at
20 least 5 years of combined credited service under this act or
21 under former ~~Act No. 136 of the Public Acts of 1945~~, **PA 136**,
22 and who is already in receipt of a retirement allowance under
23 chapter II of former ~~Act No. 136 of the Public Acts of 1945~~, **PA 136**,
24 **PA 136**, may elect to return to the retirement system any
25 retirement allowance payments received, and receive a single
26 retirement allowance computed on the combined years of service
27 credited under this act and any former act.

1 SEC. 84B. (1) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF
2 A RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER WHO DID NOT
3 MAKE THE ELECTION UNDER SECTION 59(1) AND WHO MADE OR IS
4 CONSIDERED TO HAVE MADE THE ALTERNATIVE ELECTION UNDER SECTION
5 59(2) (A) SHALL INCLUDE ONLY THE FOLLOWING ITEMS OF CREDITED
6 SERVICE, AS APPLICABLE, MULTIPLIED BY 1.5% OF FINAL AVERAGE
7 COMPENSATION AS PROVIDED IN SECTION 84:

8 (A) THE YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
9 ACCRUED TO THAT MEMBER BEFORE OCTOBER 1, 2012.

10 (B) SERVICE CREDIT THAT WAS PURCHASED BEFORE OCTOBER 1,
11 2012.

12 (C) SERVICE CREDIT THAT IS PURCHASED UNDER A PAYMENT PLAN
13 PURSUANT TO THIS ACT THAT WAS IN EFFECT AS OF SEPTEMBER 30, 2012.

14 (2) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
15 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER DESCRIBED IN
16 SUBSECTION (1) SHALL INCLUDE THE FOLLOWING ITEMS OF CREDITED
17 SERVICE, AS APPLICABLE, MULTIPLIED BY 1.25% OF FINAL AVERAGE
18 COMPENSATION, AS OPPOSED TO THE 1.5% OF FINAL AVERAGE
19 COMPENSATION AS PROVIDED IN SECTION 84:

20 (A) THE YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
21 ACCRUED TO THAT MEMBER ON AND AFTER OCTOBER 1, 2012.

22 (B) SERVICE CREDIT THAT WAS PURCHASED ON AND AFTER OCTOBER
23 1, 2012, EXCEPT AS PROVIDED IN SUBSECTION (1) (C).

24 (3) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
25 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER WHO DID NOT MAKE
26 THE ELECTION UNDER SECTION 59(1) AND WHO MADE THE ALTERNATIVE
27 ELECTION UNDER SECTION 59(2) (B) SHALL INCLUDE ONLY THE FOLLOWING

1 ITEMS OF CREDITED SERVICE, AS APPLICABLE, MULTIPLIED BY 1.5% OF
2 FINAL AVERAGE COMPENSATION AS PROVIDED IN SECTION 84:

3 (A) THE YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
4 ACCRUED TO THAT MEMBER BEFORE OCTOBER 1, 2012.

5 (B) SERVICE CREDIT THAT WAS PURCHASED BEFORE OCTOBER 1,
6 2012.

7 (C) SERVICE CREDIT THAT IS PURCHASED UNDER A PAYMENT PLAN
8 PURSUANT TO THIS ACT THAT WAS IN EFFECT AS OF SEPTEMBER 30, 2012.

9 (4) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
10 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER DESCRIBED IN
11 SUBSECTION (3) SHALL NOT INCLUDE ANY YEAR OR FRACTION OF A YEAR
12 OF SERVICE PERFORMED BY THAT MEMBER ON AND AFTER OCTOBER 1, 2012
13 OR ANY SERVICE CREDIT THAT IS PURCHASED BY THAT MEMBER AFTER
14 OCTOBER 1, 2012, EXCEPT AS PROVIDED IN SUBSECTION (3) (C).

15 BEGINNING WITH THE FIRST PAYROLL DATE AFTER OCTOBER 1, 2012, AND
16 ENDING UPON THE MEMBER'S TERMINATION OF SERVICE, THE EMPLOYER OF
17 A MEMBER DESCRIBED IN SUBSECTION (3) SHALL CONTRIBUTE 4% OF THE
18 MEMBER'S COMPENSATION TO THE MEMBER'S TIER 2 ACCOUNT.

19 (5) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
20 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER WHO MAKES THE
21 ELECTION AND ATTAINMENT DATE DESIGNATION UNDER SECTION 59(1)
22 SHALL INCLUDE ONLY THE FOLLOWING ITEMS OF CREDITED SERVICE, AS
23 APPLICABLE, MULTIPLIED BY 1.5% OF FINAL AVERAGE COMPENSATION AS
24 PROVIDED IN SECTION 84:

25 (A) THE YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
26 ACCRUED TO THAT MEMBER ON OR BEFORE THE ATTAINMENT DATE.

27 (B) SERVICE CREDIT THAT WAS PURCHASED ON OR BEFORE THE

1 ATTAINMENT DATE.

2 (C) SERVICE CREDIT THAT IS PURCHASED UNDER A PAYMENT PLAN
3 PURSUANT TO THIS ACT THAT WAS IN EFFECT AS OF THE ATTAINMENT
4 DATE.

5 (6) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
6 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER DESCRIBED IN
7 SUBSECTION (5) SHALL INCLUDE THE FOLLOWING ITEMS OF CREDITED
8 SERVICE, AS APPLICABLE, MULTIPLIED BY 1.25% OF FINAL AVERAGE
9 COMPENSATION, AS OPPOSED TO THE 1.5% OF FINAL AVERAGE
10 COMPENSATION AS PROVIDED IN SECTION 84:

11 (A) THE YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
12 ACCRUED TO THAT MEMBER ON AND AFTER THE ATTAINMENT DATE.

13 (B) SERVICE CREDIT THAT WAS PURCHASED ON AND AFTER THE
14 ATTAINMENT DATE, EXCEPT AS PROVIDED IN SUBSECTION (5) (C).

15 (7) BEGINNING OCTOBER 1, 2012, A MEMBER DESCRIBED IN
16 SUBSECTION (1), (3), OR (5) SHALL CONTINUE TO ACCUMULATE YEARS OF
17 SERVICE CREDIT AS NECESSARY FOR THE PURPOSE OF VESTING IN A
18 RETIREMENT ALLOWANCE AND TO DETERMINE WHEN A RETIREMENT ALLOWANCE
19 MAY BEGIN UNDER THIS ACT, REGARDLESS OF WHEN THE SERVICE CREDIT
20 WAS ACCRUED, EXCEPT AS OTHERWISE PROVIDED IN SECTION 59(8). A
21 MEMBER DESCRIBED IN SUBSECTION (1), (3), OR (5) SHALL CONTINUE TO
22 BE TREATED AS A MEMBER FOR ALL PURPOSES, EXCEPT AS OTHERWISE
23 PROVIDED IN SECTION 59(8) AND EXCEPT FOR THE LIMITATIONS ON
24 CREDITED SERVICE AND CALCULATION OF A RETIREMENT ALLOWANCE AS
25 PROVIDED IN SUBSECTIONS (1) THROUGH (6).

26 (8) BEGINNING OCTOBER 1, 2012, THE CALCULATION OF A
27 RETIREMENT ALLOWANCE UNDER THIS ACT FOR A MEMBER WHO MAKES THE

1 ELECTION UNDER SECTION 59(1) BUT WHO DOES NOT MAKE THE ATTAINMENT
2 DATE DESIGNATION UNDER SECTION 59(1) SHALL INCLUDE ALL ITEMS OF
3 CREDITED SERVICE ACCRUED TO THAT MEMBER, REGARDLESS OF WHEN THE
4 SERVICE CREDIT WAS ACCRUED, WHICH SHALL BE MULTIPLIED BY 1.5% OF
5 FINAL AVERAGE COMPENSATION AS PROVIDED IN SECTION 84. BEGINNING
6 OCTOBER 1, 2012, A MEMBER DESCRIBED IN THIS SUBSECTION SHALL
7 CONTINUE TO ACCUMULATE YEARS OF SERVICE CREDIT FOR THE PURPOSES
8 OF THE CALCULATION OF A RETIREMENT ALLOWANCE UNDER THIS ACT, THE
9 VESTING IN A RETIREMENT ALLOWANCE, AND THE DETERMINATION OF WHEN
10 A RETIREMENT ALLOWANCE MAY BEGIN UNDER THIS ACT.

11 (9) AS USED IN THIS SECTION, "ATTAINMENT DATE" MEANS THE
12 FINAL DAY OF THE PAY PERIOD IN WHICH THE MEMBER ATTAINS 30 YEARS
13 OF CREDITED SERVICE OR THE DATE THE MEMBER TERMINATES EMPLOYMENT,
14 WHICHEVER FIRST OCCURS.

15 Sec. 91. (1) Except as otherwise provided in this section,
16 the retirement system shall pay the entire monthly premium or
17 membership or subscription fee for hospital, medical-surgical,
18 and sick care benefits for the benefit of a retirant or
19 retirement allowance beneficiary who elects coverage in the plan
20 authorized by the retirement board and the department. BEGINNING
21 JULY 1, 2012, THE RETIREMENT SYSTEM SHALL PAY 80% OF THE ENTIRE
22 MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE FOR HOSPITAL,
23 MEDICAL-SURGICAL, AND SICK CARE BENEFITS FOR THE BENEFIT OF A
24 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY WHO ELECTS COVERAGE
25 IN THE PLAN AUTHORIZED BY THE RETIREMENT BOARD AND THE
26 DEPARTMENT. Except as otherwise provided in subsection (8), this
27 subsection does not apply to a retirant who first becomes a

1 member after June 30, 2008 **OR WHO RETIRES ON OR AFTER JULY 1,**
2 **2012.**

3 (2) The retirement system may pay up to the maximum of the
4 amount payable under subsection (1) toward the monthly premium
5 for hospital, medical-surgical, and sick care benefits for the
6 benefit of a retirant or retirement allowance beneficiary
7 enrolled in a group health insurance or prepaid service plan not
8 authorized by the retirement board and the department, if
9 enrolled before June 1, 1975, for whom the retirement system on
10 July 18, 1983 was making a payment towards his or her monthly
11 premium.

12 (3) A retirant or retirement allowance beneficiary receiving
13 hospital, medical-surgical, and sick care benefits coverage under
14 subsection (1) or (2), until eligible for medicare, shall have an
15 amount equal to the cost chargeable to a medicare recipient for
16 part B of medicare deducted from his or her retirement allowance.

17 (4) ~~The~~ **UNTIL JUNE 30, 2012, THE** retirement system shall pay
18 90% of the monthly premium or membership or subscription fee for
19 dental, vision, and hearing benefits for the benefit of a
20 retirant or retirement allowance beneficiary who elects coverage
21 in the plan authorized by the retirement board and the
22 department. **BEGINNING JULY 1, 2012, THE RETIREMENT SYSTEM SHALL**
23 **PAY 80% OF THE MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE**
24 **FOR DENTAL, VISION, AND HEARING BENEFITS FOR THE BENEFIT OF A**
25 **RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY WHO ELECTS COVERAGE**
26 **IN THE PLAN AUTHORIZED BY THE RETIREMENT BOARD AND THE**
27 **DEPARTMENT.** Payments shall begin under this subsection upon

1 approval by the retirement board and the department of plan
2 coverage and a plan provider. Except as otherwise provided in
3 subsection (8), this subsection does not apply to a retirant who
4 first becomes a member after June 30, 2008 **OR WHO RETIRES ON OR**
5 **AFTER JULY 1, 2012.**

6 (5) ~~The~~**UNTIL JUNE 30, 2012, THE** retirement system shall pay
7 up to 90% of the maximum of the amount payable under subsection
8 (1) toward the monthly premium or membership or subscription fee
9 for hospital, medical-surgical, and sick care benefits coverage
10 described in subsections (1) and (2) for each health insurance
11 dependent of a retirant receiving benefits under subsection (1)
12 or (2). ~~Payment~~**UNTIL JUNE 30, 2012, PAYMENT** shall not exceed 90%
13 of the actual monthly premium or membership or subscription fee.
14 ~~The~~**UNTIL JUNE 30, 2012, THE** retirement system shall pay 90% of
15 the monthly premium or membership or subscription fee for dental,
16 vision, and hearing benefits described in subsection (4) for the
17 benefit of each health insurance dependent of a retirant
18 receiving benefits under subsection (4). **BEGINNING JULY 1, 2012,**
19 **ANY PAYMENT DESCRIBED IN THIS SUBSECTION SHALL NOT EXCEED 80% OF**
20 **THE ACTUAL MONTHLY PREMIUM OR MEMBERSHIP OR SUBSCRIPTION FEE.**
21 Payment for health benefits coverage for a health insurance
22 dependent of a retirant shall not be made after the retirant's
23 death, unless the retirant designated a retirement allowance
24 beneficiary as provided in section 85 and the dependent was
25 covered or eligible for coverage as a health insurance dependent
26 of the retirant on the retirant's date of death. Payment for
27 health benefits coverage shall not be made for a health insurance

1 dependent after the later of the retirant's death or the
2 retirement allowance beneficiary's death. Payment under this
3 subsection and subsection (6) began October 1, 1985 for health
4 insurance dependents who on July 10, 1985 were covered by the
5 hospital, medical-surgical, and sick care benefits plan
6 authorized by the retirement board and the department. Payment
7 under this subsection and subsection (6) for other health
8 insurance dependents shall not begin before January 1, 1986.
9 Except as otherwise provided in subsection (8), this subsection
10 does not apply to a retirant who first becomes a member after
11 June 30, 2008 **OR WHO RETIRES ON OR AFTER JULY 1, 2012.**

12 (6) The payment described in subsection (5) shall also be
13 made for each health insurance dependent of a deceased member or
14 deceased duty disability retirant if a retirement allowance is
15 being paid to a retirement allowance beneficiary because of the
16 death of the member or duty disability retirant as provided in
17 section 43c(c), 89, or 90. Payment for health benefits coverage
18 for a health insurance dependent shall not be made after the
19 retirement allowance beneficiary's death.

20 (7) The payments provided by this section shall not be made
21 on behalf of a retiring section 82 deferred member or health
22 insurance dependent of a deferred member having less than 21 full
23 years of attained credited service or the retiring deferred
24 member's retirement allowance beneficiary, and shall not be made
25 on behalf of a retirement allowance beneficiary of a deferred
26 member who dies before retiring. The retirement system shall pay,
27 on behalf of a retiring section 82 deferred member or health

1 insurance dependent of a deferred member or a retirement
2 allowance beneficiary of a deceased deferred member, either of
3 whose allowance is based upon not less than 21 years of attained
4 credited service, 10% of the payments provided by this section,
5 increased by 10% for each attained full year of credited service
6 beyond 21 years, not to exceed 100%. This subsection applies to
7 any member who first became a member on or before June 30, 2008
8 **OR WHO RETIRES BEFORE JULY 1, 2012** and attains deferred status
9 under section 82 after October 31, 1980.

10 (8) For a member or deferred member who first becomes a
11 member ~~after June 30, 2008,~~ **BEFORE JULY 1, 2012**, the retirement
12 system shall pay up to ~~90%~~ **80%** of the monthly premium or
13 membership or subscription fee for the hospital, medical-
14 surgical, and sick care benefits plan, the dental plan, vision
15 plan, and hearing plan, or any combination of the plans for the
16 benefit of the retirant and his or her retirement allowance
17 beneficiary and health insurance dependents, or for the benefit
18 of the deceased member's retirement allowance beneficiary if the
19 retirant or deceased member has 25 years or more of service
20 credit under this act, and the retirant, deceased retirant, or
21 deceased member was at least 60 years of age at the time of
22 application for benefits under this section. ~~if~~ **BEGINNING JULY 1,**
23 **2012, EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE**
24 **RETIREMENT SYSTEM SHALL ONLY PROVIDE THE BENEFITS UNDER THIS**
25 **SECTION FOR THE BENEFIT OF A RETIRANT AND HIS OR HER RETIREMENT**
26 **ALLOWANCE BENEFICIARY AND HEALTH INSURANCE DEPENDENTS, OR FOR THE**
27 **BENEFIT OF THE DECEASED MEMBER'S RETIREMENT ALLOWANCE**

1 BENEFICIARY, IF THE RETIRANT, DECEASED RETIRANT, OR DECEASED
2 MEMBER IS AT LEAST 60 YEARS OF AGE AT THE TIME OF APPLICATION FOR
3 BENEFITS UNDER THIS SECTION. HOWEVER, BEGINNING JULY 1, 2012, FOR
4 A RETIRANT, DECEASED RETIRANT, OR DECEASED MEMBER WHO WAS FIRST
5 EMPLOYED AND ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER
6 BEFORE JULY 1, 2010 AND FOR WHOM THE SUM OF HIS OR HER AGE AND
7 YEARS OF ACCRUED SERVICE CREDIT AS OF JUNE 30, 2013 EQUALS OR
8 EXCEEDS 85, THE RETIREMENT SYSTEM SHALL PROVIDE THE BENEFITS
9 UNDER THIS SECTION FOR THE BENEFIT OF THE RETIRANT AND HIS OR HER
10 RETIREMENT ALLOWANCE BENEFICIARY AND HEALTH INSURANCE DEPENDENTS,
11 OR FOR THE BENEFIT OF THE DECEASED MEMBER'S RETIREMENT ALLOWANCE
12 BENEFICIARY REGARDLESS OF THE AGE OF THE RETIRANT, DECEASED
13 RETIRANT, OR DECEASED MEMBER AT THE TIME OF APPLICATION FOR
14 BENEFITS UNDER THIS SECTION. BEFORE JULY 1, 2012, IF the retirant
15 or deceased member is less than 60 years of age at the time of
16 application for benefits under this section, the retirement
17 system shall pay ~~90%~~80% of the monthly premium or membership or
18 subscription fee for the hospital, medical-surgical, and sick
19 care benefits plan, the dental plan, vision plan, and hearing
20 plan, or any combination of the plans for the benefit of the
21 retirant and his or her retirement allowance beneficiary and the
22 retirant's health insurance dependents, or for the benefit of the
23 deceased member's retirement allowance beneficiary if the
24 retirant or deceased member has 25 or more years of service
25 credit granted under section 68. If a retirant, deceased
26 retirant, or deceased member described in this subsection has 10
27 or more but less than 25 years of service credit under this act

1 and the retirant was at least 60 years of age at the time of
2 application for benefits under this section, the retirement
3 system shall pay a portion of the monthly premium or membership
4 or subscription fee for the plans or combination of plans equal
5 to the product of 3% and the retirant's, deceased retirant's, or
6 deceased member's years of service for the first 10 years and ~~4%~~
7 **3%** for each year after the first 10 years, **UP TO 80%**. This
8 subsection does not apply to a member who receives a disability
9 retirement allowance under section 86 or 87 or to a deceased
10 member's retirement allowance beneficiary under section 90.

11 (9) The retirement system shall not pay the premiums or
12 membership or subscription fees under subsection (8) until the
13 retirant or retirement allowance beneficiary requests enrollment
14 in the plans or combination of plans in writing in the manner
15 prescribed by the retirement system. Not more than 1 ~~year's~~**YEAR**
16 **OF** service credit shall be counted for purposes of **THIS**
17 subsection ~~(8)~~ and ~~this~~ subsection **(8)** in any school fiscal year.

18 (10) A member who retires under section 43b or 81 and who
19 elects to purchase service credit on or after July 1, 2008 is not
20 eligible for payments under this section for the hospital,
21 medical-surgical, and sick care benefits plan, the dental plan,
22 vision plan, or hearing plan, or any combination of the plans
23 described in this section until the first date that the member
24 would have been eligible to retire under section 43b or 81 if he
25 or she had not purchased the service credit and had accrued a
26 sufficient amount of service credit under section 68. A member
27 who first becomes a member on or after July 1, 2008 shall not be

1 eligible for health benefits under this subsection until at least
2 the time of application under subsection (8). The retirement
3 system shall apply a method that enables it to make the
4 determination under this subsection.

5 (11) Except for a member who retires under section 86 or 87
6 or a member who meets the requirements under subsection (7) or
7 (8), the retirement system shall not pay the benefits provided in
8 subsection (1) or (4) unless the member was employed and has
9 received a minimum total of 1/2 of a year of service credit
10 granted pursuant to section 68 during the 2 school fiscal years
11 immediately preceding the member's retirement allowance effective
12 date or the member has received a minimum of 1/10 of a year of
13 service credit granted pursuant to section 68 during each of the
14 5 school fiscal years immediately preceding the member's
15 retirement allowance effective date. This subsection does not
16 apply to a member who is unable to meet the service credit
17 requirements of this subsection because of 1 or more periods of
18 unpaid leaves of absence approved by the reporting unit during
19 the period of leave of absence, as a result of a mental or
20 physical disability supported by the member's doctor during the
21 period of leave of absence.

22 (12) Any retirant or retirement allowance beneficiary
23 excluded from payments under this section may participate in the
24 hospital, medical-surgical, and sick care benefits plan, the
25 dental plan, vision plan, or hearing plan, or any combination of
26 the plans described in this section in the manner prescribed by
27 the retirement system at his or her own cost.

1 (13) The hospital, medical-surgical, and sick care benefits
2 plan, dental plan, vision plan, and hearing plan that covers
3 retirants, retirement allowance beneficiaries, and health
4 insurance dependents pursuant to this section shall contain a
5 coordination of benefits provision that provides all of the
6 following:

7 (a) If the person covered under the hospital, medical-
8 surgical, and sick care benefits plan is also eligible for
9 medicare or medicaid, or both, then the benefits under medicare
10 or medicaid, or both, shall be determined before the benefits of
11 the hospital, medical-surgical, and sick care benefits plan
12 provided pursuant to this section.

13 (b) If the person covered under any of the plans provided by
14 this section is also covered under another plan that contains a
15 coordination of benefits provision, the benefits shall be
16 coordinated as provided by the coordination of benefits act, 1984
17 PA 64, MCL 550.251 to 550.255.

18 (c) If the person covered under any of the plans provided by
19 this section is also covered under another plan that does not
20 contain a coordination of benefits provision, the benefits under
21 the other plan shall be determined before the benefits of the
22 plan provided pursuant to this section.

23 (14) Beginning January 1, 2009, upon the death of the
24 retirant, a retirement allowance beneficiary who became a
25 retirement allowance beneficiary under section 85(8) or (9) is
26 not a health insurance dependent and is not entitled to health
27 benefits under this section except as provided in this

1 subsection. Beginning January 1, 2009, a surviving spouse
2 selected as a retirement allowance beneficiary under section
3 85(8) or (9) may elect the insurance coverages provided in this
4 section ~~provided that~~ **IF** payment for the elected coverages is the
5 responsibility of the surviving spouse and is paid in a manner
6 prescribed by the retirement system.

7 **(15) THIS SECTION DOES NOT APPLY TO A MEMBER WHO WAS FIRST**
8 **EMPLOYED AND ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER ON**
9 **OR AFTER JULY 1, 2012.**

10 **(16)** ~~(15)~~ For purposes of this section:

11 (a) "Health insurance dependent" means any of the following:

12 (i) Except as provided in subsection (14), the spouse of the
13 retirant or the surviving spouse to whom the retirant or deceased
14 member was married at the time of the retirant's or deceased
15 member's death.

16 (ii) An unmarried child, by birth or adoption, of the
17 retirant or deceased member, until December 31 of the calendar
18 year in which the child becomes 19 years of age.

19 (iii) An unmarried child, by birth or adoption, of the
20 retirant or deceased member, until December 31 of the calendar
21 year in which the child becomes 25 years of age, who is enrolled
22 as a full-time student, and who is or was at the time of the
23 retirant's or deceased member's death a dependent of the retirant
24 or deceased member as defined in section 152 of the internal
25 revenue code, **26 USC 152.**

26 (iv) An unmarried child, by birth or adoption, of the
27 retirant or deceased member who is incapable of self-sustaining

1 employment because of mental or physical disability, and who is
2 or was at the time of the retirant's or deceased member's death a
3 dependent of the retirant or deceased member as defined in
4 section 152 of the internal revenue code, **26 USC 152.**

5 (v) The parents of the retirant or deceased member, or the
6 parents of his or her spouse, who are residing in the household
7 of the retirant or retirement allowance beneficiary.

8 (vi) An unmarried child who is not the child by birth or
9 adoption of the retirant or deceased member but who otherwise
10 qualifies to be a health insurance dependent under subparagraph
11 (ii), (iii), or (iv), if the retirant or deceased member is the legal
12 guardian of the unmarried child.

13 (b) "Medicaid" means benefits under the federal medicaid
14 program established under title XIX of the social security act,
15 42 USC 1396 to ~~1396v~~-1396W-5.

16 (c) "Medicare" means benefits under the federal medicare
17 program established under title XVIII of the social security act,
18 42 USC 1395 to ~~1395hhh~~-1395KKK.

19 **SEC. 91A. (1) A MEMBER WHO WAS FIRST EMPLOYED AND ENTERED**
20 **UPON THE PAYROLL OF HIS OR HER EMPLOYER ON OR AFTER JULY 1, 2012**
21 **SHALL NOT RECEIVE ANY HEALTH INSURANCE COVERAGE PREMIUM FROM THE**
22 **RETIREMENT SYSTEM UNDER SECTION 91. IN LIEU OF ANY HEALTH**
23 **INSURANCE COVERAGE PREMIUM THAT MIGHT HAVE BEEN PAID BY THE**
24 **RETIREMENT SYSTEM UNDER SECTION 91, A MEMBER'S EMPLOYER SHALL**
25 **MAKE A MATCHING CONTRIBUTION UP TO 2% OF THE MEMBER'S**
26 **COMPENSATION TO THE TIER 2 PLAN FOR EACH MEMBER WHO WAS FIRST**
27 **EMPLOYED AND ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER ON**

1 OR AFTER JULY 1, 2012. A MATCHING CONTRIBUTION UNDER THIS
2 SUBSECTION SHALL NOT BE USED AS THE BASIS FOR A LOAN FROM AN
3 EMPLOYEE'S TIER 2 ACCOUNT.

4 (2) A MEMBER WHO WAS FIRST EMPLOYED AND ENTERED UPON THE
5 PAYROLL OF HIS OR HER EMPLOYER ON OR AFTER JULY 1, 2012 MAY MAKE
6 A CONTRIBUTION UP TO 2% OF THE MEMBER'S COMPENSATION TO A TIER 2
7 ACCOUNT.

8 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A
9 MEMBER IS VESTED IN EMPLOYER CONTRIBUTIONS MADE TO HIS OR HER
10 TIER 2 ACCOUNT UNDER SUBSECTIONS (1) AND (2) ACCORDING TO THE
11 VESTING PROVISIONS UNDER SECTION 132. A MEMBER WHO IS ELIGIBLE
12 FOR HEALTH INSURANCE COVERAGE UNDER SECTION 87 IS NOT VESTED IN
13 ANY EMPLOYER CONTRIBUTIONS UNDER SUBSECTION (1) AND FORFEITS THE
14 CONTRIBUTIONS AND EARNINGS ON THE CONTRIBUTIONS.

15 (4) THE CONTRIBUTIONS DESCRIBED IN THIS SECTION SHALL BEGIN
16 WITH THE FIRST PAYDAY AFTER THE MEMBER IS EMPLOYED AND END UPON
17 HIS OR HER TERMINATION OF EMPLOYMENT.

18 (5) AN INDIVIDUAL WHO IS A FORMER MEMBER ON DECEMBER 31,
19 2011, WHO FIRST BECAME A MEMBER AFTER JUNE 30, 2008, AND WHO IS
20 REEMPLOYED BY AN EMPLOYER ON OR AFTER JANUARY 1, 2014 SHALL BE
21 TREATED IN THE SAME MANNER AS A MEMBER WHO WAS FIRST EMPLOYED AND
22 ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER ON OR AFTER JULY
23 1, 2012 AND SHALL RECEIVE AN AMOUNT, IF ANY, AS DETERMINED UNDER
24 THIS SECTION.

25 (6) IN LIEU OF ANY OTHER HEALTH INSURANCE COVERAGE THAT
26 MIGHT HAVE BEEN PAID BY THE RETIREMENT SYSTEM, A CREDIT TO A
27 HEALTH REIMBURSEMENT ACCOUNT WITHIN THE TRUST CREATED UNDER THE

1 PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA 77,
2 MCL 38.2731 TO 38.2747, SHALL BE MADE BY THE EMPLOYER IN THE
3 AMOUNTS AND TO THE MEMBERS OR FORMER MEMBERS AS FOLLOWS:

4 (A) TWO THOUSAND DOLLARS TO A MEMBER WHO WAS FIRST EMPLOYED
5 AND ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER ON OR AFTER
6 JULY 1, 2012, WHO IS 60 YEARS OF AGE OR OLDER, AND WHO HAS AT
7 LEAST 10 YEARS OF SERVICE AT HIS OR HER FIRST TERMINATION OF
8 EMPLOYMENT.

9 (B) ONE THOUSAND DOLLARS TO A MEMBER WHO WAS FIRST EMPLOYED
10 AND ENTERED UPON THE PAYROLL OF HIS OR HER EMPLOYER ON OR AFTER
11 JULY 1, 2012, WHO IS LESS THAN 60 YEARS OF AGE, AND WHO HAS AT
12 LEAST 10 YEARS OF SERVICE AT HIS OR HER FIRST TERMINATION OF
13 EMPLOYMENT.

14 (7) THE RETIREMENT SYSTEM SHALL DETERMINE A METHOD TO
15 IMPLEMENT SUBSECTIONS (5) AND (6), INCLUDING A METHOD FOR
16 CREDITING THE AMOUNTS IN SUBSECTION (6) TO COMPLY WITH THE
17 INTERNAL REVENUE CODE.

18 (8) ON OR BEFORE JANUARY 1, 2017, THE RETIREMENT SYSTEM
19 SHALL PROVIDE A REPORT TO THE CHAIRS OF THE HOUSE AND SENATE
20 APPROPRIATIONS COMMITTEES THAT PROVIDES THE PROJECTED IMPACT OF
21 SUBSECTION (6) AS IT APPLIES TO MEMBERS FIRST ENTERED UPON THE
22 PAYROLL OF THEIR EMPLOYERS ON OR AFTER JANUARY 1, 2017 WITH
23 REGARD TO THE ANNUAL REQUIRED CONTRIBUTION AS USED BY THE
24 GOVERNMENTAL ACCOUNTING STANDARDS BOARD AND FOR PURPOSES OF THE
25 ANNUAL FINANCIAL STATEMENTS PREPARED UNDER SECTION 28(1).

26 SEC. 92B. (1) THERE IS APPROPRIATED FOR THE FISCAL YEAR
27 ENDING SEPTEMBER 30, 2012, \$1,000,000.00 TO THE OFFICE OF

1 RETIREMENT SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT,
2 AND BUDGET FOR ADMINISTRATION OF THE CHANGES UNDER THE AMENDATORY
3 ACT THAT ADDED THIS SECTION.

4 (2) THE APPROPRIATION AUTHORIZED IN SUBSECTION (1) IS A WORK
5 PROJECT APPROPRIATION AND ANY UNENCUMBERED OR UNALLOTTED FUNDS
6 ARE CARRIED FORWARD INTO THE FOLLOWING FISCAL YEAR. THE FOLLOWING
7 IS IN COMPLIANCE WITH SECTION 451A(1) OF THE MANAGEMENT AND
8 BUDGET ACT, 1984 PA 431, MCL 18.1451A:

9 (A) THE PURPOSE OF THE PROJECT IS TO ADMINISTER CHANGES
10 UNDER THE AMENDATORY ACT THAT ADDED THIS SECTION.

11 (B) THE WORK PROJECT WILL BE ACCOMPLISHED THROUGH A PLAN
12 UTILIZING INTERAGENCY AGREEMENTS, EMPLOYEES, AND CONTRACTS.

13 (C) THE TOTAL ESTIMATED COMPLETION COST OF THE WORK PROJECT
14 IS \$1,000,000.00.

15 (D) THE ESTIMATED COMPLETION DATE FOR THE WORK PROJECT IS
16 SEPTEMBER 30, 2013.

17 Enacting section 1. Section 43d of the public school
18 employees retirement act of 1979, 1980 PA 300, MCL 38.1343d, is
19 repealed.

20 Enacting section 2. (1) If the office of retirement services
21 in the department of technology, management, and budget receives
22 notification from the United States internal revenue service that
23 any section or any portion of a section of this amendatory act
24 will cause the retirement system to be disqualified for tax
25 purposes under the internal revenue code, then the portion that
26 will cause the disqualification does not apply.

27 (2) The provisions of this amendatory act are severable. If

1 any part of this amendatory act is declared invalid or
2 unconstitutional, that declaration shall not affect the remaining
3 part of this amendatory act.