

# HOUSE BILL No. 4466

March 20, 1989, Introduced by Reps. Webb and DeBeaussaert and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 3, 4, 9, 43c, 64, 69, 69c, 69d, 69e, 71, 74, 74a, and 74b of Act No. 300 of the Public Acts of 1980, entitled

"The public school employees retirement act of 1979," sections 3 and 4 as amended and section 43c as added by Act No. 91 of the Public Acts of 1985, section 9 as added by Act No. 123 of the Public Acts of 1986, section 64 as amended by Act No. 384 of the Public Acts of 1988, sections 69 and 71 as amended and sections 69d, 69e, 74a, and 74b as added by Act No. 242 of the Public Acts of 1987, and section 69c as amended by Act No. 385 of the Public Acts of 1988, being sections 38.1303, 38.1304, 38.1309, 38.1343c, 38.1364, 38.1369, 38.1369c, 38.1369d, 38.1369e, 38.1371, 38.1374, 38.1374a, and 38.1374b of the Michigan Compiled Laws; and to add section 79.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Section 1. Sections 3, 4, 9, 43c, 64, 69, 69c, 69d, 69e,  
2 71, 74, 74a, and 74b of Act No. 300 of the Public Acts of 1980,  
3 sections 3 and 4 as amended and section 43c as added by Act  
4 No. 91 of the Public Acts of 1985, section 9 as added by Act  
5 No. 123 of the Public Acts of 1986, section 64 as amended by Act  
6 No. 384 of the Public Acts of 1988, sections 69 and 71 as amended  
7 and sections 69d, 69e, 74a, and 74b as added by Act No. 242 of  
8 the Public Acts of 1987, and section 69c as amended by Act  
9 No. 385 of the Public Acts of 1988, being sections 38.1303,  
10 38.1304, 38.1309, 38.1343c, 38.1364, 38.1369, 38.1369c, 38.1369d,  
11 38.1369e, 38.1371, 38.1374, 38.1374a, and 38.1374b of the  
12 Michigan Compiled Laws, are amended and section 79 is added to  
13 read as follows:

14       Sec. 3. (1) "Accumulated contributions" means the sum of  
15 the amounts credited to a member's individual account in the  
16 annuity accumulation fund and in the member investment plan fund,  
17 together with regular interest on the amounts credited to the  
18 annuity accumulation fund and compound interest on the amounts  
19 credited to the member investment plan fund.

20       (2) "Active duty" means full-time duty in the armed forces  
21 other than active duty ~~which~~ THAT is exclusively for training  
22 purposes.

23       (3) "ACTUARIAL COST" MEANS AN AMOUNT THAT SHALL BE PAID,  
24 EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY THIS ACT, BY A  
25 MEMBER TO PURCHASE ADDITIONAL SERVICE CREDIT AS ALLOWED UNDER

1 THIS ACT. ACTUARIAL COST SHALL BE COMPUTED AS PROVIDED IN  
2 SECTION 79.

3 (4) ~~-(3)-~~ "Annuity" means a payment for life or a temporary  
4 period derived from the accumulated contributions of a member.  
5 An annuity shall be paid in equal monthly installments.

6 (5) ~~-(4)-~~ "Annuity accumulation fund" means the fund created  
7 ~~under~~ BY section 29(1).

8 (6) ~~-(5)-~~ "Annuity reserve fund" means the fund created  
9 ~~under~~ BY section 29(2).

10 (7) ~~-(6)-~~ "Armed forces" means the United States army, navy,  
11 marine corps, air force, and coast guard, including the reserve  
12 components.

13 Sec. 4. (1) "Compensation" means the remuneration earned by  
14 a member for service performed as a public school employee. If  
15 part of a member's remuneration is not paid in money, the retire-  
16 ment board shall fix the value of that part of the remuneration  
17 not paid in money. Compensation includes, on a current basis,  
18 investments made in a tax sheltered annuity for a public school  
19 employee as remuneration for service under this act. The remu-  
20 nation shall be valued at the amount of money actually paid  
21 into the annuity. Compensation includes all amounts deducted  
22 from the pay of a public school employee, including amounts  
23 deducted pursuant to the member investment plan. Compensation  
24 includes longevity pay, overtime pay, vacation pay, and holiday  
25 pay while absent from work, sick leave pay while absent from  
26 work, and items of deferred compensation, exclusive of employer  
27 contributions to the retirement system. Compensation does not

1 include terminal payments for unused sick leave, annual leave,  
2 bonus payments, hospitalization insurance and life insurance pre-  
3 miums, other fringe benefits paid by and from the funds of  
4 employers of public school employees, and remuneration paid for  
5 the specific purpose of increasing the final average  
6 compensation. Compensation for the period on which final average  
7 compensation is based, for the purpose of computing final average  
8 compensation, does not include an amount over the compensation  
9 for the preceding year except increases provided by the normal  
10 salary schedule for the reporting unit. The retirement board  
11 shall require a sworn affidavit from the member that final com-  
12 pensation does not include remuneration paid either directly or  
13 indirectly for actual or anticipated expenses.

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

18 (3) "CONTRACT PERIOD" MEANS THE PERIOD, WHICH MAY BE 12  
19 MONTHS OR LESS AS PROVIDED BY AGREEMENT BETWEEN THE REPORTING  
20 UNIT AND THE PUBLIC SCHOOL EMPLOYEE, DURING WHICH THE PUBLIC  
21 SCHOOL EMPLOYEE RECEIVES HIS OR HER ANNUAL WAGES OR SALARY,  
22 REGARDLESS OF THE SCHOOL FISCAL YEAR IN WHICH THE WAGES OR SALARY  
23 IS RECEIVED.

24 (4) ~~-(3)-~~ "Contributory service" means credited service  
25 other than noncontributory service.

1       (5) ~~-(4)-~~ "Deferred member" means a member who has ceased to  
2 be a public school employee and has satisfied the requirements of  
3 section 82 for a deferred vested service retirement allowance.

4       (6) ~~-(5)-~~ "Department" means the department of management  
5 and budget.

6       (7) ~~-(6)-~~ "Employee organization professional services  
7 leave" or "professional services leave" means a leave of absence  
8 ~~which~~ THAT is renewed annually by the reporting unit so that a  
9 member may accept a position with a public school employee orga-  
10 nization to which he or she belongs and which represents employ-  
11 ees of a reporting unit in employment matters. The member shall  
12 be included in membership of the retirement system during a pro-  
13 fessional services leave if all of the conditions of section  
14 71(5) are satisfied.

15       (8) ~~-(7)-~~ "Employee organization professional services  
16 released time" or "professional services released time" means a  
17 portion of the school fiscal year during which a member is  
18 released by the reporting unit from his or her regularly assigned  
19 duties to engage in employment matters for a public school  
20 employee organization to which he or she belongs. The member's  
21 compensation received and service rendered by a member while on  
22 professional services released time shall be reportable to the  
23 retirement system if all of the conditions of section 71(5) are  
24 satisfied.

25       (9) ~~-(8)-~~ "Expense fund" means the fund created ~~under~~ BY  
26 section 31.

1       (10) ~~-(9)-~~ "Final average compensation" means the aggregate  
2 amount of a member's compensation earned within the averaging  
3 period in which the aggregate amount of compensation was highest  
4 divided by the member's number of years, including any fraction  
5 of a year, of credited service during the averaging period. The  
6 averaging period shall be 36 consecutive calendar months if the  
7 member contributes to the member investment plan fund; otherwise,  
8 the averaging period shall be 60 consecutive calendar months. If  
9 the member has less than 1 year of credited service in the aver-  
10 aging period, the number of consecutive calendar months in the  
11 averaging period shall be increased to the lowest number of con-  
12 secutive calendar months ~~which~~ THAT contains 1 year of credited  
13 service. ~~All retirement allowances which were effective before~~  
14 ~~the effective date of this amendatory act and which are still~~  
15 ~~being paid on January 1, 1986 shall be recalculated in accordance~~  
16 ~~with this subsection. A retirant or retirement allowance benefi-~~  
17 ~~ciary whose retirement allowance is subject to recalculation~~  
18 ~~shall be eligible to receive an adjusted retirement allowance~~  
19 ~~based on the recalculation beginning January 1, 1986, but shall~~  
20 ~~not be eligible to receive the adjusted amount attributable to~~  
21 ~~any month beginning before January 1, 1986. A retirement allow-~~  
22 ~~ance shall not be adjusted under this subsection if the adjust-~~  
23 ~~ment would result in a decrease in the amount of the retirement~~  
24 ~~allowance otherwise payable.~~

25       (11) ~~-(10)-~~ "Health benefits" means hospital,  
26 medical-surgical, and sick care benefits for retirants,

1 retirement allowance beneficiaries, and health insurance  
2 dependents provided pursuant to section 91.

3 (12) ~~(11)~~ "Health benefits fund" means the fund created  
4 ~~under~~ BY section 34.

5 (13) ~~(12)~~ "Insurable interest" is an interest of a person  
6 in the continued life of another person, both of whom are from  
7 the same immediate family.

8 (14) ~~(13)~~ "Member investment plan" means the program of  
9 member contributions described in section 43a.

10 (15) ~~(14)~~ "Member investment plan fund" means the fund  
11 created ~~under~~ BY section 33.

12 Sec. 9. (1) ~~Section 4(8), as it~~ THE DEFINITION OF FINAL  
13 AVERAGE COMPENSATION UNDER SECTION 4 AS THAT SECTION existed  
14 prior to Act No. 91 of the Public Acts of 1985. ~~—~~ shall be used  
15 to calculate a member's final average compensation if it produces  
16 a higher result than the amount calculated pursuant to either  
17 section ~~4(9) or section 43c(a)~~ 4 OR SECTION 43C.

18 (2) This section shall take effect July 10, 1985.

19 Sec. 43c. A member who contributes to the member investment  
20 plan fund shall be entitled to all of the following:

21 (a) A 36-month averaging period for the computation of final  
22 average compensation, as provided in section ~~4(9)~~ 4.

23 (b) An annual increase in the retirement allowance equal to  
24 3% of the initial annual retirement allowance. The first  
25 increase will occur on the first October 1 ~~which~~ THAT is at  
26 least 1 full year after the effective date of the retirement

1 allowance. Subsequent annual increases will occur on October 1  
2 of each subsequent year.

3 (c) The credited service eligibility requirement applicable  
4 to the survivor benefits provided in section 89 shall be reduced  
5 as follows:

6 (i) The 15 years of credited service requirement shall be 10  
7 years.

8 (ii) The 10 years of credited service requirement shall be 5  
9 years.

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

14 (2) If a person described in section 5(1)(b) later becomes a  
15 member of this retirement system within 12 months after the date  
16 of termination as a participant in a transitional public employ-  
17 ment program, service credit shall be given for employment that  
18 is excluded in section 5(1)(b) for purposes of determining a  
19 retirement allowance upon the payment by the person's employer  
20 under the transitional public employment program from funds pro-  
21 vided under the FORMER comprehensive employment and training act  
22 OF 1973, ~~former~~ Public Law 93-203, ~~87 Stat. 839,~~ as funds  
23 permit, to the retirement system of the contributions, plus regu-  
24 lar interest, the employer would have paid had the employment  
25 been rendered in a position covered by this act. During the  
26 person's employment in the transitional public employment  
27 program, the person's employer shall place in reserve a



1 reasonable but not necessarily an actuarially determined amount  
2 equal to the contributions that the employer would have paid to  
3 the retirement system for those employees in the transitional  
4 public employment program as if they were members under this act,  
5 but only for that number of employees that the employer deter-  
6 mines would transfer from the transitional public employment pro-  
7 gram into positions covered by this act. If the funds provided  
8 under the FORMER comprehensive employment and training act OF  
9 1973, ~~former~~ Public Law 93-203, ~~87 Stat. 839,~~ are insuffi-  
10 cient, the remainder of the employer contributions shall be paid  
11 by the person's employer under the transitional public employment  
12 program. If a person was not employed by a reporting unit but  
13 performed services for that reporting unit under a transitional  
14 public employment program and became a member of this retirement  
15 system within 12 months after the date of termination as a par-  
16 ticipant in the transitional public employment program, service  
17 credit shall be given for that transitional public employment  
18 program service in the manner provided in this subsection. The  
19 reporting unit for which the transitional public employment pro-  
20 gram service was performed is the person's employer under the  
21 transitional public employment program for the purposes of this  
22 subsection.

23       (3) A person excluded from membership as provided by section  
24 5(1)(a) who later becomes a member of this retirement system  
25 shall be entitled to purchase service credit upon presenting  
26 acceptable proof of the service for the excluded period.

1 (4) A member of the retirement system with employment  
2 excluded from membership service under section 5(1)(c) or under  
3 section 23a(1)(c) of chapter I or section 12(2)(c) of chapter II  
4 of former Act No. 136 of the Public Acts of 1945 shall be enti-  
5 tled to purchase service credit for that employment, as provided  
6 in subsection (6), upon presentation of documentation of the  
7 employment rendered that is verified from official reporting unit  
8 records or other acceptable documentation as determined by the  
9 retirement board. This subsection ~~shall not apply~~ ONLY APPLIES  
10 after June 30, 1987 ~~unless~~ IF the employment being purchased  
11 was performed while the person was enrolled as a graduate student  
12 at the reporting unit and the employment consisted of 1 or more  
13 of the following:

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

21 (5) A member of the retirement system with out of system  
22 public education service that was performed while the person was  
23 a full-time student, whether performed before, on, or after  
24 October 31, 1980, shall be entitled to purchase service credit  
25 for that service, as provided in subsection (6), upon presenta-  
26 tion of documentation of the service rendered that is verified  
27 from official payroll records or other acceptable documentation

1 as determined by the retirement board pursuant to R 38.1119 of  
2 the Michigan administrative code. This subsection ~~shall not~~  
3 ~~apply~~ ONLY APPLIES after June 30, 1987 ~~unless~~ IF the employ-  
4 ment being purchased was performed while the person was enrolled  
5 as a graduate student at a public college or public university  
6 and the employment consisted of 1 or more of the following:

7 (a) Teaching.

8 (b) Research.

9 (c) Academic advising.

10 (d) Administration.

11 (e) Library work.

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

14 (6) Service credit shall not be given under subsection (3),  
15 (4), or (5) until the member pays into the retirement system ~~an~~  
16 ~~amount actuarially determined by the board, but which~~ THE ACTU-  
17 ARIAL COST. HOWEVER, THE AMOUNT PAID shall be not less than 8%  
18 of the member's full-time or equated full-time compensation for  
19 the ~~school fiscal year~~ CONTRACT PERIOD IMMEDIATELY BEFORE THE  
20 CONTRACT PERIOD in which payment is made multiplied by the years  
21 of service the member elects to purchase. ~~, and~~ SERVICE CREDIT  
22 SHALL NOT BE GIVEN UNDER SUBSECTION (3), (4), OR (5) unless the  
23 service being purchased was followed by 5 years of reporting unit  
24 service credit under this act or former Act No. 136 of the Public  
25 Acts of 1945. Credit provided by subsection (3), (4), or (5)  
26 shall not be used in satisfying the minimum of 10 years of  
27 service credit required under this act for a retirement

1 allowance. ~~For the purpose of computing payment under this~~  
2 ~~subsection, the compensation amount used shall not be less than~~  
3 ~~the highest school fiscal year compensation previously received~~  
4 ~~by the member. If the compensation amount used for computing~~  
5 ~~payment under this subsection exceeds the member's final average~~  
6 ~~compensation determined at the time of retirement, the payment~~  
7 ~~required under this subsection shall be recomputed using the~~  
8 ~~member's final average compensation and a refund shall be made~~  
9 ~~based upon the recomputation.~~

10 (7) A person excluded from membership as provided by section  
11 5(1)(f), (g), (h), (i), (j), or (k) shall not receive service  
12 credit for the employment described in those subdivisions even if  
13 the person subsequently becomes or has been a member of this  
14 retirement system.

15 Sec. 69. (1) As a condition for granting membership or  
16 prior service credit under this act for out of system public edu-  
17 cation service, a member shall pay to the retirement system an  
18 amount equal to the amount the member would have contributed pur-  
19 suant to the schedule governing member contributions in effect at  
20 the time of that service had the service been performed under  
21 this act or former Act No. 136 of the Public Acts of 1945,  
22 together with regular interest from the end of the school fiscal  
23 year in which service was performed to the semiannual anniversary  
24 of the date following the payment, and shall have 5 years of  
25 reporting unit service credit under this act or former Act  
26 No. 136 of the Public Acts of 1945, following the out of system  
27 public education service. A member shall not be entitled to a

1 pension based on out of system public education service ~~which~~  
2 THAT was performed after July 1, 1974, until the member has paid  
3 into the retirement system for that service an amount equal to 5%  
4 of the member's full-time or equated full-time compensation for  
5 the ~~school fiscal year~~ CONTRACT PERIOD IMMEDIATELY BEFORE THE  
6 CONTRACT PERIOD in which payment is made multiplied by the years  
7 of that service the member elects to purchase, and unless that  
8 service is followed by 5 years of reporting unit service credit  
9 under this act. For the purposes of computing payment under this  
10 section, the compensation amount used shall not be less than the  
11 highest ~~school fiscal year~~ CONTRACT PERIOD compensation previ-  
12 ously received by the member. If the compensation amount used  
13 for computing payment under this section exceeds the member's  
14 final average compensation determined at the time of retirement,  
15 the payment required under this section shall be recomputed using  
16 the member's final average compensation and a refund shall be  
17 made based upon the recomputation. Credit provided by this sub-  
18 section shall not be used in satisfying the minimum of 10 years  
19 of service credit required under this act for a retirement  
20 allowance. A person who had employment with a community mental  
21 health service program as described in section 6(2) shall not be  
22 subject to the minimum of 10 years of service credit, if the  
23 other requirements of this section are met.

24 (2) A member shall not receive more than 15 years of out of  
25 system public education service. A member shall not receive more  
26 out of system public education service than service performed  
27 under this act or former Act No. 136 of the Public Acts of 1945,

1 unless, before July 1, 1974, the member applied for out of system  
2 public education service credit based upon payment of contribu-  
3 tions for that service credit as required under former Act  
4 No. 136 of the Public Acts of 1945. The total out of system  
5 public education service credited shall be used to compute the  
6 member's pension if the minimum service requirements performed  
7 under this act or former Act No. 136 of the Public Acts of 1945  
8 are met.

9 (3) If a member who made payment for out of system public  
10 education service dies and a retirement allowance beneficiary has  
11 not been designated, or if the member withdraws from service  
12 before his or her retirement becomes effective, the payment made  
13 by the member shall be refunded to the member or to the member's  
14 refund beneficiary upon request.

15 (4) Out of system public education service shall not be  
16 creditable toward retirement under this act if the member is or  
17 will be receiving a pension or annuity for the same service from  
18 another retirement system.

19 (5) Out of system public education service shall not be  
20 creditable under this act unless similar service performed in a  
21 reporting unit would be creditable.

22 (6) A member may elect to purchase service credit as an ele-  
23 mentary or secondary teacher at a United States armed forces mil-  
24 itary base in the United States or a foreign country upon payment  
25 to the retirement board of ~~an amount equal to~~ the actuarial  
26 cost. ~~of purchasing the service as determined by the board.~~

1       Sec. 69c. (1) A member may elect to purchase service credit  
2 for not more than 5 years of service performed as an employee in  
3 a nonpublic elementary or secondary educational institution or a  
4 nonpublic 2- or 4-year institution of higher education in this  
5 state, in other states of the United States, or in the territo-  
6 rial possessions of the United States; service performed as an  
7 employee in a foreign country at a school for United States per-  
8 sonnel or dependents of the United States military or United  
9 States department of state personnel; service performed as a  
10 full-time teacher with the job corps created pursuant to section  
11 422 of part B of title IV of the job training partnership act,  
12 Public Law 97-300, 29 U.S.C. 1692; service performed as a teacher  
13 in a trust territory or former trust territory of the United  
14 States; or service performed as a teacher on an Indian reserva-  
15 tion in this country; upon request and presentation of documen-  
16 tation of the employment rendered that is verifiable from offi-  
17 cial employment or payroll records or other acceptable documen-  
18 tation as determined by the retirement board, and upon payment to  
19 the retirement system of ~~an amount equal to~~ the actuarial  
20 cost. ~~of purchasing the service as determined by the retirement~~  
21 ~~board.~~

22       ~~(2) For the purposes of computing payment under this sec-~~  
23 ~~tion, the compensation amount used shall not be less than the~~  
24 ~~highest school fiscal year compensation previously received by~~  
25 ~~the member. If the compensation amount used for computing pay-~~  
26 ~~ment under this section exceeds the member's final average~~  
27 ~~compensation determined at the time of retirement, the payment~~

1 ~~required under this section shall be recomputed using the~~  
2 ~~member's final average compensation and a refund shall be made~~  
3 ~~based upon the recomputation.~~

4       (2) ~~(3)~~ Service shall not be credited under this section  
5 unless the service being purchased was followed by at least 5  
6 years of reporting unit service credit under this act or former  
7 Act No. 136 of the Public Acts of 1945. Service purchased under  
8 this section shall not be used to satisfy the minimum of 10 years  
9 of service credit required to receive a retirement allowance  
10 under this act.

11       (3) ~~(4)~~ If a member who made payment for service under  
12 this section dies and a retirement allowance beneficiary has not  
13 been designated, or if the member withdraws from service before  
14 his or her retirement becomes effective, the payment made by the  
15 member shall be refunded to the member or to the member's refund  
16 beneficiary upon request.

17       (4) ~~(5)~~ Service shall not be credited under this section  
18 if the member is or will be receiving a pension or annuity for  
19 the same service from another retirement system.

20       (5) ~~(6)~~ A person who became a retirant with a retirement  
21 allowance effective date on or after January 1, 1988 and on or  
22 before ~~the effective date of the amendatory act that added this~~  
23 ~~subsection~~ DECEMBER 21, 1988 shall be entitled to purchase serv-  
24 ice credit for service performed as an employee in a nonpublic  
25 elementary or secondary educational institution or a nonpublic 2-  
26 or 4-year institution of higher education as provided by this  
27 section. Service credit purchased pursuant to this subsection



1 shall be purchased before July 1, 1989. ~~, or the expiration of~~  
2 ~~6 months after the effective date of the amendatory act that~~  
3 ~~added this subsection, whichever is later.~~ The monthly retire-  
4 ment allowance of a retirant entitled to purchase service credit  
5 under this subsection shall be recomputed based upon the addi-  
6 tional service credit. The recomputed monthly amount shall be  
7 payable beginning on the first day of the month following the  
8 month in which payment is received by the retirement system.

9 (6) ~~(7)~~ As used in this section:

10 (a) "Nonpublic elementary or secondary educational  
11 institution" means an institution that offers or provides an  
12 organized course of academic study primarily oriented toward the  
13 awarding of high school diplomas. Nonpublic elementary or sec-  
14 ondary educational institution does not include a proprietary  
15 school.

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

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

1       Sec. 69d. (1) A member may elect to purchase service credit  
2 for not more than 3 years of service performed as an employee of  
3 the federal government as a teacher in a foreign country teaching  
4 students who are not citizens of this country or as a teacher  
5 with the merchant marines, upon request and presentation of docu-  
6 mentation of the employment rendered ~~which~~ THAT is verifiable  
7 from official federal government employment or payroll records or  
8 other acceptable documentation as determined by the retirement  
9 board, and upon payment to the retirement system of ~~an amount~~  
10 ~~equal to~~ the actuarial cost. ~~of purchasing the service as~~  
11 ~~determined by the retirement board.~~

12       ~~(2) For the purposes of computing payment under this sec-~~  
13 ~~tion, the compensation amount used shall not be less than the~~  
14 ~~highest school fiscal year compensation previously received by~~  
15 ~~the member. If the compensation amount used for computing pay-~~  
16 ~~ment under this section exceeds the member's final average com-~~  
17 ~~ensation determined at the time of retirement, the payment~~  
18 ~~required under this section shall be recomputed using the~~  
19 ~~member's final average compensation and a refund shall be made~~  
20 ~~based upon the recomputation.~~

21       (2) ~~(3)~~ Service shall not be credited under this section  
22 unless the service being purchased was followed by at least 5  
23 years of reporting unit service credit under this act or former  
24 Act No. 136 of the Public Acts of 1945. Service purchased under  
25 this section shall not be used to satisfy the minimum of 10 years  
26 of service credit required to receive a retirement allowance  
27 under this act.

1       (3) ~~-(4)-~~ If a member who made payment for service under  
2 this section dies and a retirement allowance beneficiary has not  
3 been designated, or if the member withdraws from service before  
4 his or her retirement becomes effective, the payment made by the  
5 member shall be refunded to the member or to the member's refund  
6 beneficiary upon request.

7       (4) ~~-(5)-~~ Service shall not be credited under this section  
8 if the member is or will be receiving a pension or annuity for  
9 the same service from another retirement system.

10       Sec. 69e. (1) A member may elect to purchase service credit  
11 for service performed as an employee of a county mental health  
12 program or as an employee in a day care or day training program  
13 for ~~the handicapped~~ HANDICAPPERS as defined in section 103 of  
14 the Michigan handicappers' civil rights act, Act No. 220 of the  
15 Public Acts of 1976, being section 37.1103 of the Michigan  
16 Compiled Laws, upon request and presentation of documentation of  
17 the employment rendered ~~which~~ THAT is verified from official  
18 employment or payroll records or other acceptable documentation  
19 as determined by the retirement board, and upon payment to the  
20 retirement system of ~~an amount equal to~~ the actuarial cost.  
21 ~~of purchasing the service as determined by the retirement~~  
22 ~~board.~~

23       ~~-(2) For the purposes of computing payment under this sec-~~  
24 ~~tion, the compensation amount used shall not be less than the~~  
25 ~~highest school fiscal year compensation previously received by~~  
26 ~~the member. If the compensation amount used for computing~~  
27 ~~payment under this section exceeds the member's final average~~

~~1 compensation determined at the time of retirement, the payment  
2 required under this section shall be recomputed using the  
3 member's final average compensation and a refund shall be made  
4 based upon the recomputation.~~

5       (2) ~~(3)~~ Service shall not be credited under this section  
6 unless the service being purchased was followed by at least 5  
7 years of reporting unit service credit under this act or former  
8 Act No. 136 of the Public Acts of 1945. Service purchased under  
9 this section shall not be used to satisfy the minimum 10 years of  
10 service credit required to receive a retirement allowance under  
11 this act.

12       (3) ~~(4)~~ If a member who made payment for service under  
13 this section dies and a retirement allowance beneficiary has not  
14 been designated, or if the member withdraws from service before  
15 his or her retirement becomes effective, the payment made by the  
16 member shall be refunded to the member or to the member's refund  
17 beneficiary upon request.

18       (4) ~~(5)~~ Service shall not be credited under this section  
19 if the member is or will be receiving a pension or annuity for  
20 the same service from another retirement system.

21       Sec. 71. (1) The retirement board shall grant service  
22 credit for the time a member is on a sabbatical leave authorized  
23 by a reporting unit, if the member returns to regular employment  
24 with the same reporting unit and acquires not less than 1 year of  
25 subsequent service credit with that same reporting unit and if  
26 the member acquired 5 or more years of credited service with the

1 reporting unit immediately ~~preceding~~ BEFORE the sabbatical  
2 leave.

3 (2) If the sabbatical leave described in subsection (1) is  
4 granted before July 1, 1981, the reporting unit, if the reporting  
5 unit had a noncontributory plan at the time the sabbatical leave  
6 is granted, or the member, if the reporting unit has a contribu-  
7 tory plan at the time the sabbatical leave is granted, shall pay  
8 to the system for each year of sabbatical leave credit an amount  
9 equal to 5% of the member's compensation for the ~~fiscal year~~  
10 CONTRACT PERIOD immediately ~~preceding the school fiscal year~~  
11 BEFORE THE CONTRACT PERIOD in which the sabbatical leave is  
12 granted, together with regular interest from the end of the  
13 school fiscal year in which the sabbatical leave was or is  
14 granted to the earlier of the following dates following the date  
15 of payment, the first day of the school fiscal year beginning  
16 after the date of payment or the first day of the seventh month  
17 of the school fiscal year in which the payment is made. If the  
18 reporting unit makes the payment required by this subsection, the  
19 reporting unit also shall pay the required interest. If the  
20 member makes the payment required by this subsection, the member  
21 also shall pay the required interest.

22 (3) If the sabbatical leave described in subsection (1) is  
23 granted after June 30, 1981, the member shall pay an amount equal  
24 to 5% of the member's full-time or equated full-time compensation  
25 for the ~~school fiscal year~~ CONTRACT PERIOD IMMEDIATELY BEFORE  
26 THE CONTRACT PERIOD in which payment is made for each year of  
27 service credit the member elects to purchase. In computing

1 payment under this subsection, the compensation amount used,  
2 except as otherwise provided in this subsection, shall not be  
3 less than the highest ~~school fiscal year~~ CONTRACT PERIOD com-  
4 pensation the member received from the reporting unit ~~which~~  
5 THAT granted the sabbatical leave. ~~Notwithstanding any other~~  
6 ~~provision of this subsection, if the member's final average com-~~  
7 ~~pensation is less than the highest school fiscal year compensa-~~  
8 ~~tion the member received from the reporting unit which granted~~  
9 ~~the sabbatical leave, the compensation amount used in computing~~  
10 ~~payment under this subsection shall be the member's final average~~  
11 ~~compensation.~~ IF THE COMPENSATION AMOUNT USED FOR COMPUTING PAY-  
12 MENT UNDER THIS SUBSECTION EXCEEDS THE MEMBER'S FINAL AVERAGE  
13 COMPENSATION DETERMINED AT THE TIME OF RETIREMENT, THE PAYMENT  
14 REQUIRED UNDER THIS SUBSECTION SHALL BE RECOMPUTED USING THE  
15 MEMBER'S FINAL AVERAGE COMPENSATION AND A REFUND SHALL BE MADE  
16 BASED UPON THE RECOMPUTATION.

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

1 subsection (2) if the member elects to purchase service credit  
2 for the sabbatical leave.

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

8 (a) The member is included on the reporting unit's reports  
9 required by section ~~42(6)~~ 42(7) and compensation, service, con-  
10 tribution, and other requirements are reported on the same basis  
11 as for those members of the reporting unit who were not granted  
12 an employee organization professional services leave or employee  
13 organization professional services released time.

14 (b) The reporting unit remits the amount required by section  
15 42 and the percentage of aggregate annual compensation provided  
16 from the state school aid funds for current service, the percen-  
17 tage determined for unfunded accrued service as required by sec-  
18 tion 41, and the employer's share of social security contribu-  
19 tions if the reporting unit is responsible for remitting the  
20 employee's share of social security contributions. The reporting  
21 unit shall be reimbursed those sums paid to the retirement board  
22 by the member or the employee organization on a current basis. A  
23 member who has credited service as an employee of a school dis-  
24 trict of the first class, as described in part 6 of THE SCHOOL  
25 CODE OF 1976, Act No. 451 of the Public Acts of 1976, as amended,  
26 being sections 380.401 to ~~380.484~~ 380.485 of the Michigan  
27 Compiled Laws, for a leave of absence effective before October 1,

1 1981, shall continue to receive credit based upon the provisions  
2 of the law of this state in effect at the time the leave of  
3 absence was initially effective.

4 (6) Until October 1, 1990, a member who was on an employee  
5 organization professional services leave or employee organization  
6 professional services released time authorized by a reporting  
7 unit before October 1, 1981 may purchase service credit for the  
8 time spent on such leave or released time, upon request and pay-  
9 ment to the retirement board of ~~an amount equal to~~ the actuar-  
10 ial cost. ~~of purchasing the service as determined by the~~  
11 ~~retirement board.~~

12 Sec. 74. A member of this retirement system after May 31,  
13 1976, who does not meet the requirements of section 73 and enters  
14 active duty with the armed forces may elect to receive service  
15 credit for not more than 5 years of active duty upon request and  
16 payment to the retirement system of an amount equal to 5% of the  
17 member's full-time or equated full-time compensation for the  
18 ~~school fiscal year~~ CONTRACT PERIOD IMMEDIATELY BEFORE THE CON-  
19 TRACT PERIOD in which payment is made multiplied by the years of  
20 service that the member elects to purchase up to the maximum.  
21 For the purposes of computing payment under this section, the  
22 compensation amount used shall not be less than the highest  
23 ~~school fiscal year~~ CONTRACT PERIOD compensation previously  
24 received by a member. ~~The compensation amount used for comput-~~  
25 ~~ing payment under this section shall not exceed the member's~~  
26 ~~final average compensation.~~ IF THE COMPENSATION AMOUNT USED FOR  
27 COMPUTING PAYMENT UNDER THIS SUBSECTION EXCEEDS THE MEMBER'S



1 FINAL AVERAGE COMPENSATION DETERMINED AT THE TIME OF RETIREMENT,  
2 THE PAYMENT REQUIRED UNDER THIS SUBSECTION SHALL BE RECOMPUTED  
3 USING THE MEMBER'S FINAL AVERAGE COMPENSATION AND A REFUND SHALL  
4 BE MADE BASED UPON THE RECOMPUTATION. Service shall not be cred-  
5 ited if it is or would be credited under any other federal,  
6 state, or local publicly supported retirement system, but this  
7 restriction shall not apply to a person who has acquired or will  
8 acquire retirement eligibility under the federal government for  
9 service in the reserve. Service shall not be credited under this  
10 section until the member has accumulated 10 years of full-time or  
11 equated full-time service credit performed under this act or  
12 former acts.

13       Sec. 74a. (1) A member of this retirement system who enters  
14 or who entered service with the American red cross on a military  
15 base during an armed conflict as determined by the service dates  
16 described in section 1 of Act No. 190 of the Public Acts of 1965,  
17 being section 35.61 of the Michigan Compiled Laws, and who,  
18 within 24 months after the date the member leaves or left this  
19 service, resumes or resumed employment as a public school  
20 employee under this act or former Act No. 136 of the Public Acts  
21 of 1945, may elect to receive credit for not more than 2 years of  
22 that service upon request and payment to the retirement system of  
23 ~~an amount equal to the actuarial cost. of the service as~~  
24 ~~determined by the retirement board.~~

25       (2) A member of this retirement system who enters or entered  
26 service with the American red cross on a military base during an  
27 armed conflict as determined by the service dates described in

1 section 1 of Act No. 190 of the Public Acts of 1965, being  
2 section 35.61 of the Michigan Compiled Laws, may elect to receive  
3 credit for not more than 2 years of that service upon request and  
4 payment to the retirement system of ~~an amount equal to the~~  
5 actuarial cost. ~~of purchasing the service as determined by the~~  
6 ~~retirement board.~~

7 ~~(3) For the purposes of computing payment under this sec-~~  
8 ~~tion, the compensation amount used shall not be less than the~~  
9 ~~highest school fiscal year compensation previously received by a~~  
10 ~~member. If the compensation amount used for computing payment~~  
11 ~~under this section exceeds the member's final average compensa-~~  
12 ~~tion determined at the time of retirement, the payment required~~  
13 ~~under this section shall be recomputed using the member's final~~  
14 ~~average compensation and a refund shall be made based upon the~~  
15 ~~recomputation.~~

16 (3) ~~(4)~~ The total service credited under this section and  
17 sections 73 and 74 shall not exceed 6 years. Service shall not  
18 be credited under this section if the member is or will be  
19 receiving a pension or annuity for the same service from another  
20 retirement system, but this restriction shall not apply to a  
21 person who has acquired or will acquire retirement eligibility  
22 under the federal government for service in the reserve. Service  
23 shall not be credited under this section until the member has  
24 accumulated 10 years of full-time or equated full-time service  
25 credit performed under this act or former acts. Service shall  
26 not be credited under this section unless the service being  
27 purchased was followed by at least 5 years of reporting unit

1 service credit under this act or former Act No. 136 of the Public  
2 Acts of 1945. Service shall not be credited until the member has  
3 presented documentation of the service rendered ~~which~~ THAT is  
4 verified from official employment or payroll records or other  
5 acceptable documentation as determined by the retirement board.

6 Sec. 74b. (1) A member of this retirement system may elect  
7 to receive service credit for not more than 6 consecutive months  
8 of continuous actual time spent on duty with the Michigan  
9 national guard or the United States armed forces reserve upon  
10 request and payment to the retirement system of ~~an amount equal~~  
11 ~~to the actuarial cost. of purchasing the service as determined~~  
12 ~~by the retirement board.~~ Service shall be verified by presenta-  
13 tion of documentation of the employment rendered ~~which~~ THAT is  
14 verified from official national guard or United States armed  
15 forces reserve payroll or employment records or other acceptable  
16 documentation as determined by the retirement board.

17 ~~(2) For the purposes of computing payment under this sec-~~  
18 ~~tion, the compensation amount used shall not be less than the~~  
19 ~~highest school fiscal year compensation previously received by a~~  
20 ~~member. If the compensation amount used for computing payment~~  
21 ~~under this section exceeds the member's final average compensa-~~  
22 ~~tion determined at the time of retirement, the payment required~~  
23 ~~under this section shall be recomputed using the member's final~~  
24 ~~average compensation and a refund shall be made based upon the~~  
25 ~~recomputation.~~

26 (2) ~~(3)~~ Service shall not be credited under this section  
27 if the member is or will be receiving a pension or annuity for

1 the same service from another retirement system, but this  
2 restriction shall not apply to a person who has acquired or will  
3 acquire retirement eligibility under the federal government for  
4 service in the reserve. Service shall not be credited under this  
5 section until the member has accumulated 10 years of credited  
6 service.

7       (3) ~~(4)~~ Service shall not be credited under this section  
8 unless the service being purchased was followed by at least 5  
9 years of reporting unit service under this act or former Act  
10 No. 136 of the Public Acts of 1945.

11       SEC. 79. (1) ACTUARIAL COST SHALL BE EQUAL TO THE PRODUCT  
12 OF SUBDIVISIONS (A), (B), AND (C):

13       (A) A PERCENTAGE, DETERMINED BY THE RETIREMENT BOARD, WHICH  
14 WHEN MULTIPLIED BY A MEMBER'S CONTRACT PERIOD COMPENSATION  
15 RESULTS IN THE AVERAGE ACTUARIAL PRESENT VALUE OF THE ADDITIONAL  
16 BENEFITS, EXCLUSIVE OF HEALTH BENEFITS, RESULTING FROM THE CRED-  
17 ITING OF 1 ADDITIONAL YEAR OF SERVICE. THE PERCENTAGE MAY VARY  
18 BECAUSE OF AGE, CREDITED SERVICE, OR BENEFIT COVERAGE. AN  
19 INCREASE OR DECREASE IN THE PERCENTAGE UNDER THIS SUBDIVISION  
20 SHALL NOT BECOME EFFECTIVE UNTIL THE EXPIRATION OF 6 MONTHS OR  
21 MORE AFTER THE RETIREMENT BOARD NOTIFIES THE REPORTING UNITS OF  
22 THE INCREASE OR DECREASE.

23       (B) A MEMBER'S CONTRACT PERIOD COMPENSATION. THE MEMBER'S  
24 CONTRACT PERIOD COMPENSATION SHALL BE THE MEMBER'S FULL-TIME OR  
25 EQUATED FULL-TIME COMPENSATION RECEIVED IN THE CONTRACT PERIOD  
26 IMMEDIATELY BEFORE THE CONTRACT PERIOD IN WHICH THE APPLICATION  
27 TO PURCHASE AND PAYMENT FOR THE SERVICE IS MADE. THE

1 COMPENSATION AMOUNT USED SHALL NOT BE LESS THAN THE HIGHEST  
2 CONTRACT PERIOD COMPENSATION PREVIOUSLY RECEIVED BY THE MEMBER.

3 (C) THE NUMBER OF YEARS, INCLUDING ANY FRACTION OF A YEAR,  
4 OF CREDITED SERVICE A MEMBER ELECTS TO PURCHASE UP TO THE MAXIMUM  
5 ALLOWED.

6 (2) IF THE COMPENSATION AMOUNT USED FOR COMPUTING PAYMENT  
7 UNDER THIS SECTION EXCEEDS THE MEMBER'S FINAL AVERAGE COMPENSA-  
8 TION DETERMINED AT THE TIME OF RETIREMENT, THE PAYMENT REQUIRED  
9 UNDER THIS SECTION SHALL BE RECOMPUTED USING THE MEMBER'S FINAL  
10 AVERAGE COMPENSATION AND A REFUND SHALL BE MADE BASED UPON THE  
11 RECOMPUTATION.