



**House
Legislative
Analysis
Section**

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PSERS: PURCHASE OF SERVICE CREDIT

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House Bill 5526

Sponsor: Rep. Mary Browne

Committee: Senior Citizens Mich. State Law Library
and Retirement

Complete to 9-6-88

A SUMMARY OF HOUSE BILL 5526 AS INTRODUCED 3-24-88

The bill would amend the Public School Employees Retirement system to allow reporting units to establish retirement incentive plans for employees who are members of the system. Under the bill, a plan would provide for the purchase of service credit by the reporting unit for members who chose to participate, and for payment by the reporting unit of the cost. The plan would remain in effect for a minimum of one year and then until terminated by the unit. The bill would allow members of the retirement system to be eligible for participation in a plan at age 45 or older, providing that they agreed to retire within 90 days after receiving notice from the retirement system that their service credit had been purchased.

Under the bill, the reporting unit could limit the number of persons for whom it purchased credit in any calendar year to up to five percent of those employees who were members of the retirement system as of January 1 of that year. If membership were restricted, the reporting unit would be required to allow participation beginning with the employee with the highest amount of salary with the unit during the 12 months preceding January 1 of that year. The bill would require that the amount of service credit purchased for a participant be uniformly determined, and could not exceed the lesser of: a) seven years; or b) an amount equal to one-third of the total service credited to the participant at the time of the purchase. The reporting unit would also be required to pay an amount equal to the actuarial cost of the service credit to be purchased for each year of service credit purchased.

MCL 38.1362a

House Bill 5526 (9-6-88)