

**SUBSTITUTE FOR
HOUSE BILL NO. 5092**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

22 (6) Except as otherwise provided in section 81d, unless a
23 qualified participant who is only a Tier 2 qualified participant
24 due to an election made under section 81d(1) affirmatively elects
25 not to contribute or elects to contribute a lesser amount, the
26 qualified participant shall contribute 6% of his or her
27 compensation to his or her Tier 2 account. Until January 31, 2018,

1 the qualified participant's employer shall make a contribution to
2 the qualified participant's Tier 2 account in an amount equal to
3 50% of the first 6% of compensation contributed by the qualified
4 participant under this subsection. Beginning February 1, 2018, the
5 qualified participant's employer shall make a contribution to the
6 qualified participant's Tier 2 account in an amount equal to 100%
7 of the first 3% of compensation contributed by the qualified
8 participant under this subsection. Beginning February 1, 2018, all
9 contributions made by an employer under this subsection must be
10 paid by **SPECIFIC** appropriation from the state school aid fund
11 established by section 11 of article IX of the state constitution
12 of 1963, assuming 100% participation by all qualified participants.
13 **THE LEGISLATURE SHALL ANNUALLY APPROPRIATE MONEY FOR THE SPECIFIC**
14 **APPROPRIATION DESCRIBED IN THIS SUBSECTION.**

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