

SENATE BILL No. 1178

November 10, 2016, Introduced by Senator PAVLOV and referred to the Committee on Appropriations.

A bill to amend 1965 PA 314, entitled
"Public employee retirement system investment act,"
by amending section 20m (MCL 38.1140m), as amended by 2014 PA 185.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20m. (1) The governing board vested with the general
2 administration, management, and operation of a system or other
3 decision-making body that is responsible for implementation and
4 supervision of any system shall confirm in the annual actuarial
5 valuation required under section 20h and the summary annual report
6 required under section 13 that each system under this act provides
7 for the payment of the required employer contribution as provided
8 in this section and shall confirm in the summary annual report that
9 the system has received the required employer contribution for the
10 year covered in the summary annual report. The required employer
11 contribution is the actuarially determined contribution amount. An

1 annual required employer contribution in a system under this act
2 ~~shall~~**MUST** consist of a current service cost payment and a payment
3 of at least the annual accrued amortized interest on any unfunded
4 actuarial liability and the payment of the annual accrued amortized
5 portion of the unfunded principal liability.

6 (2) For fiscal years that begin before January 1, 2006, the
7 required employer contribution ~~shall~~**MUST** not be determined using
8 an amortization period greater than 40 years. Except as otherwise
9 provided in this section, for fiscal years that begin after
10 December 31, 2005, the required employer contribution ~~shall~~**MUST**
11 not be determined using an amortization period greater than 30
12 years. **FOR THE TIER 1 RETIREMENT PLAN UNDER THE MICHIGAN PUBLIC**
13 **SCHOOL EMPLOYEES' RETIREMENT SYSTEM, CREATED UNDER THE PUBLIC**
14 **SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301**
15 **TO 38.1437, FOR FISCAL YEARS THAT BEGIN AFTER DECEMBER 31, 2016,**
16 **THE REQUIRED EMPLOYER CONTRIBUTION MUST BE DETERMINED USING THE**
17 **AMORTIZATION PERIOD PROVIDED IN SECTION 41 OF THE PUBLIC SCHOOL**
18 **EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341.** For the
19 Tier 1 retirement plan under the state employees' retirement
20 system, created under the state employees' retirement act, 1943 PA
21 240, MCL 38.1 to 38.69; the Michigan public school employees'
22 retirement **SYSTEM** created under the public school employees
23 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; and
24 the Michigan state police retirement system created under the state
25 police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1648,
26 ~~only,~~ for the fiscal year beginning October 1, 2006, the
27 contribution for the unfunded actuarial accrued liability ~~shall~~

1 **MUST** be equal to the product of the assumed real rate of investment
2 return times the unfunded actuarial accrued liability. In a plan
3 year, any current service cost payment may be offset by a credit
4 for amortization of accrued assets, if any, in excess of actuarial
5 accrued liability. A required employer contribution for a system
6 administered under this act ~~shall~~**MUST** allocate the actuarial
7 present value of future plan benefits between the current service
8 costs to be paid in the future and the actuarial accrued liability.

9 (3) The governing board vested with the general
10 administration, management, and operation of a system or other
11 decision-making body that is responsible for implementation and
12 supervision of a system shall act upon the recommendation of an
13 actuary and the board and the actuary shall take into account the
14 standards of practice of the ~~actuarial standards board~~**ACTUARIAL**
15 **STANDARDS BOARD** of the American ~~academy~~**ACADEMY** of actuaries
16 **ACTUARIES** in making the determination of the required employer
17 contribution.

18 (4) ~~(2) Subsection~~**SUBSECTIONS** (1) ~~applies~~**TO (3) APPLY** to a
19 large sponsored system except as otherwise provided in a plan for
20 adjustment. ~~As used in this subsection, "plan for adjustment" means~~
21 ~~that term as defined in section 13g.~~

22 Enacting section 1. This amendatory act does not take effect
23 unless Senate Bill No. 102 of the 98th Legislature is enacted into
24 law.