



Summary of Public Act 147 of 2023

Michigan Public School Employees' Retirement System working after retirement legislation.

This summary highlights the details of Public Act (PA) 147 of 2023, changing the rules for public school retirees returning to work at a Michigan public school through Oct. 10, 2028. Except for disability retirements, PA 147 of 2023 allows for public school retirees to return to work at a Michigan public school reporting unit immediately after retirement with no impact on their pension or retiree healthcare benefits if they have a bona fide termination and they either earn less than \$15,100 in a calendar year from their public school employment or they've been retired six consecutive months. The law also changes the rules for superintendents who return to work at a reporting unit after retirement.

General rule for working after retirement:

If a retiree becomes employed at a reporting unit, they forfeit their pension and insurance premium subsidy for the entire month in each month the retiree is working for a reporting unit:

- The retiree can still retain insurance if they pay the full cost of insurance which includes both the retiree's premium plus the subsidized portion of the premium.
- The pension and insurance premium subsidy will resume on the first of the month following termination from public school employment.

The rules for returning to work after receiving a disability pension have not changed. Please see the website for further information.

General rule does not apply if either criteria are met:

The general rule does not apply if either of the following occur:

- The retiree has retired after a *bona fide termination of employment* and has been retired for at least six consecutive months.
- The retiree has retired after a *bona fide termination of employment* and the earnings of the retiree do not exceed \$15,100 in a calendar year from school employment.

If either of these criteria are met, a retiree could return to work in a Michigan public school reporting unit with no forfeiture of either their pension or insurance premium subsidy.

Bona fide termination is defined as a complete severing of the employer-employee relationship and stipulates:

- The retiree is *not* working for a Michigan public school reporting unit during the month of the retiree's retirement effective date, and
- The retiree does not intend or expect to have an offer or contingency to become employed at a Michigan public school reporting unit.

The bill also contains new provisions for retired superintendents:

PA 147 of 2023 allows retired superintendents to return to work at a Michigan public school reporting unit — either directly or indirectly — with no effect on their pension or insurance premium subsidy if:

- A bona fide termination exists.
- The superintendent returns to a position that is anything other than a superintendent.
- They have been retired for at least six consecutive months.
- They don't earn more than \$15,100 in a calendar year from school employment.

All rules will be in effect until Oct. 10, 2028.