



PA 127 of 2024 - Frequently Asked Questions

Q: I'm an active member of the Michigan Public School Employees' Retirement System and have the premium subsidy healthcare benefit. What does Public Act (PA) 127 of 2024 mean for me?

A: Beginning Oct. 1, 2025, PA 127 of 2024 eliminates the 3% healthcare contribution for active members with the premium subsidy healthcare benefit.

Q. Who is an active member?

A. An active member is a person who is on the payroll of a Michigan public school. Retirees of the Michigan Public School Employees' Retirement System who returned to work at a public school are not active members.

Q: What is the premium subsidy healthcare benefit, and how can I find out if I have it?

A: The premium subsidy healthcare benefit is where the retirement system pays a percentage of your monthly insurance premiums (or a percentage of the maximum subsidy for some deferred members). The cost of coverage and conditions of enrollment will vary depending on several factors, which are covered in detail on the [Premium Subsidy Eligibility](#) section of our website.

Q: How is my 3% healthcare contribution affected by recent legislation?

A: There are two public acts that directly affect the 3% healthcare contributions for active members with the premium subsidy healthcare benefit.

Public Act (PA) 120 of 2024 allocates funds to schools to refund eligible employees who make the 3% healthcare contribution during the 2024-25 fiscal year. The refund does not apply to employees working at a university, those with the Personal Healthcare Fund, or retirees who have returned to work at a Michigan public school. Contact your employer if you have questions about the refund payments.

Beginning Oct. 1, 2025, PA 127 of 2024 eliminates the 3% healthcare contribution for active members with the premium subsidy healthcare benefit.



MICHIGAN OFFICE OF RETIREMENT SERVICES

Big Plans. Small Steps.

Q: Will the 3% healthcare contribution continue to be deducted from my pay?

A: Active members of the Michigan Public School Employees' Retirement System with the premium subsidy healthcare benefit will continue to have 3% healthcare contributions deducted

from their pay, through Sept. 30, 2025. Beginning Oct. 1, 2025, members will no longer be required to contribute 3% toward future healthcare benefits.

Q: Will my premium subsidy benefit change since I'm no longer required to contribute 3% of my pay to the Retiree Healthcare Fund?

A: No. Nothing about your premium subsidy benefit will change if you meet the [premium subsidy eligibility requirements](#) when you retire.

Q: How will my paycheck be affected when I'm no longer required to contribute 3% of my earnings to the Retiree Healthcare Fund?

A: You'll likely see a small increase in your paycheck in October when this contribution is no longer deducted from your pay.

Q: When will I receive a refund of my 3% healthcare contributions for the 2024-25 school year?

A: The 3% healthcare contributions deducted for the fiscal year ending Sept. 30, 2025, have been or will be refunded by your employer, up to the amount they received in their monthly State School Aid packages. Contact your employer if you have questions about the refund payments.

Q: I'm a former member of the Michigan Public School Employees' Retirement System. Can I get a refund of the contributions I made to the Retiree Healthcare Fund?

A: If you left public school employment, do not qualify for retiree insurance from the Michigan Public School Employees' Retirement System, and are at least age 60, you can apply for a refund of healthcare contributions you paid to the Retiree Healthcare Fund. To apply for a refund, complete the *Distribution of Retiree Healthcare Contribution Application (R1138C)* and submit it to the Michigan Office of Retirement Services. To request the application, send us a message on the miAccount Message Board or call our office at **800-381-5111**.



Q: I'm actively employed with a public school and would like a refund of my healthcare contributions; how do I go about applying for the refund?

A: In order to apply for a refund of your healthcare contributions you must have left public school employment, do not qualify for retiree insurance from the Michigan Public School Employees' Retirement System, and are at least age 60. If you meet all these criteria, you can complete the *Distribution of Retiree Healthcare Contribution Application (R1138C)* and submit it to the Michigan Office of Retirement Services. To request the application, send us a message on the miAccount Message Board or call our office at **800-381-5111**.

Q: What will happen to my previous contributions to the Retiree Healthcare Fund if I pass away?

A: If you named a refund beneficiary and they aren't eligible for retiree insurance from the Michigan Public School Employees' Retirement System, or if you named a beneficiary and no survivor benefits are payable, any remaining retiree healthcare fund contributions on your account when you pass away are refundable to your beneficiary. Your beneficiary will need to complete and submit the *Distribution of Retiree Healthcare Contribution Application (R1138C)* to our office. Your beneficiary can request the application by calling us at **800-381-5111**.

Q: If I'm eligible for a refund of my healthcare contributions, will I need to pay taxes on the refund?

A: The retirement system is required to withhold 20% of the refund and send it to the IRS as federal income tax withholding to be credited against your taxes. Your refund may also be subject to Michigan income tax withholding. Contact the IRS, the [Michigan Department of Treasury](#), or consult a tax advisor for more information.

Q: If I'm eligible and I complete the *Distribution of Retiree Healthcare Contribution Application (R1138C)*, how will the refund of my healthcare contributions be paid to me?

A: Refunds will be paid by check. Refunds of \$3,000 or less, including interest, will be paid as a lump sum. Refunds of more than \$3,000 will be paid as a separate retirement allowance in equal monthly installments over a 60-month period. The separate retirement allowance will be effective the month after the date we receive your completed application.

Q: I'm an active member of the Michigan Public School Employees' Retirement System and have the Personal Healthcare Fund (PHF). What does Public Act (PA) 127 of 2024 mean for me?

A: PA 127 of 2024 does not affect you because members with the PHF do not make the 3% healthcare contribution.



Q: Was additional aid provided to the schools for the fiscal year (FY) 2026 budget?

A: The state aid budget for FY 2026 (Public Act 15 of 2025) did not include a technical change to the statute's language for Sec. 147g. Therefore, the language that was in last year's budget remains and the amounts employers received in state aid to reimburse employees for their 3% healthcare contributions in state FY 2025 is final.