The Michigan Public School Employees Retirement System
A MPSERS Timeline

1945 - Legislature adopted the Michigan Public School Employee’s Retirement Act to provide pension benefits (not health benefits) for former employees. The 1945 legislation defined the word “pension” as “annual payments for life derived from money provided by the State.” The State was responsible for fully funding the costs for MPSERS retirees and dependents.

- This grew to include Michigan K-12 public schools, Michigan community colleges, and seven public universities.
- The University of Michigan, Michigan State University, and Wayne State University were not mandated to participate in MPSERS.
- Participation was mandated for Central Michigan University, Eastern Michigan University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Western Michigan University, and Ferris State University (the MPSERS universities).

1956 - Beginning with the University of Michigan-Flint, new public universities were not put into MPSERS – Oakland University, University of Michigan Dearborn and Flint, Grand Valley State University, and Saginaw Valley State University.

1974 - State assessed MPSERS universities, community colleges, and public schools a portion (up to 9%) of the MPSERS costs. From 1974 to date, benefits have increased and been extended for MPSERS retirees, without input from the universities, and without recognition for the increased costs that would result.

1975 – The State-mandated MPSERS to include the cost for retiree health benefits.

Early 1990’s - State transferred the full cost burden for MPSERS to institutions.

- Public schools, as a result of Proposal A, received additional resources to support the full MPSERS costs
- Universities did not receive ongoing base resources.

1995 - Legislation that excluded new university employees from belonging to MPSERS.

MPSERS assesses costs pursuant to three components:

1. Current Pension Costs – the monthly cash benefit earned by active employees, assessed against the payroll of current MPSERS employees

2. Current Retiree Health Benefits Costs

3. Unfunded Accrued Pension Liability – the amount MPSERS lacks when comparing the present benefits to current assets. MPSERS assesses a payroll percentage for current university MPSERS employees AND for current university employees who would have been in MPSERS but for the January 1, 1996 legislation to exclude them from MPSERS.

Of the estimated $42 million the universities will pay into MPSERS this year, 55 percent will support retiree health costs, 26% unfunded liability, and 19% normal pension costs.