



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

LISA WEBB SHARPE
DIRECTOR

February 8, 2007

All Reporting Unit Business and Payroll Personnel of the
Michigan Public School Employees Retirement System

Ladies and Gentlemen:

The pension contribution rate effective for October 2007 is 12.01%, which is an increase of .82% above the FY07 rate of 11.19%. You may recall that updates in the actuarial assumptions delayed a portion of last year's increase for a one-year period of .93%, which set last year's pension rate at 11.19%.

The health benefits contribution rate did not change and remains at 6.55%.

Therefore the contribution rate due on member's wages paid between October 1, 2007, and September 30, 2008, will be 18.56%. This rate includes the reconciliation and applies to K-12 school districts, intermediate school districts, community colleges, district libraries, public school academies, and federal programs. The break-down of the rate is as follows:

Pension Normal Cost:	5.28%
Pension Unfunded Accrued Liability	<u>6.73%</u>
Pension total:	12.01%
Health Benefits (Cash Basis):	<u>6.55%</u>
Total	18.56%

If you have any questions, please contact Financial Services, Retirement Accounting at (517) 241-5042.

Sincerely,

Patricia Lack, Director
Fiscal Management Division