

HOUSE BILL No. 4156

February 19, 1987, Introduced by Reps. Allen, Gagliardi, DeMars, DeLange, Hickner, Stallworth, Willis Bullard, Middaugh, Pridnia, Connors, Gnodtke, Stacey, Dunaskiss, Docherty, Mathieu, Hoffman, Knight, Ostling, Porreca, Lynn Owen, Farhat, Hart, Rocca, Clack, Miller, Stabenow, Weeks, Webb and Sitz and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 2a, 2c, 10, and 12 of Act No. 427 of the Public Acts of 1984, entitled as amended "Municipal employees retirement act of 1984," section 2a as amended by Act No. 291 of the Public Acts of 1986, being sections 38.1502a, 38.1502c, 38.1510, and 38.1512 of the Michigan Compiled Laws; and to add sections 19a and 22a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2a, 2c, 10, and 12 of Act No. 427 of
2 the Public Acts of 1984, section 2a as amended by Act No. 291 of
3 the Public Acts of 1986, being sections 38.1502a, 38.1502c,
4 38.1510, and 38.1512 of the Michigan Compiled Laws, are amended
5 and sections 19a and 22a are added to read as follows:

6 Sec. 2a. (1) "Accumulated contributions" means the sum of
7 all amounts credited to a member's individual account in the
8 reserve for employee contributions.

1 (2) "Beneficiary" means an individual who is being paid or
2 who has entitlement to the future payment of a retirement allow-
3 ance or a return of contributions on account of a reason other
4 than the individual's membership in the retirement system.

5 (3) "Compensation" means the salary or wages paid a member
6 for personal services rendered the member's participating munici-
7 pality while a member of the retirement system. Salary and wages
8 shall include longevity pay; overtime pay; shift differentials;
9 pay for periods of absence from work by reason of vacation, holi-
10 day, and sickness; deferred compensation amounts under deferred
11 compensation programs recognized by the board, including premiums
12 for annuities and permanent life insurance policies which are
13 transferred to the ownership of the member upon retirement; and
14 items of a similar nature which are recognized as compensation by
15 the board. Compensation does not include any remuneration or
16 reimbursement not specifically described in this subsection or
17 recognized by the board, such as allowances for clothing, equip-
18 ment, cleaning, and travel; reimbursement of expenses; bonuses;
19 termination pay; severance pay; payments in consideration of
20 unused sick leave; the value of fringe benefits; and items of
21 remuneration which are the basis of a potential or actual benefit
22 from another retirement program.

23 (4) "ELECTED OFFICIAL" MEANS THE FOLLOWING:

24 (A) THE COUNTY PROSECUTOR.

25 (B) THE COUNTY SHERIFF.

26 (C) THE COUNTY CLERK.

1 (D) THE COUNTY REGISTER OF DEEDS.

2 (E) THE COUNTY TREASURER.

3 (F) THE MEMBERS OF THE COUNTY BOARD OF COMMISSIONERS.

4 (G) THE COUNTY DRAIN COMMISSIONER, IF ANY.

5 (5) ~~(4)~~ "Final average compensation" means any of the
6 following:

7 (a) One-fifth of the aggregate amount of compensation paid a
8 member during the period of 5 consecutive years of the member's
9 credited service in which the aggregate amount of compensation
10 paid is highest, known as FAC-5. If the member has less than
11 5 years of credited service, final average compensation means the
12 aggregate amount of compensation paid the member divided by the
13 member's credited service. A member who has credited service in
14 force with more than 1 participating municipality shall have a
15 separate final average compensation computed based on the
16 member's compensation record with each participating
17 municipality.

18 (b) If the participating municipality has adopted benefit
19 program FAC-3, 1/3 of the aggregate amount of compensation paid a
20 member during the period of 3 consecutive years of the member's
21 credited service in which the aggregate amount of compensation
22 paid is highest. If the member has less than 3 years of credited
23 service, final average compensation means the aggregate amount of
24 compensation paid the member divided by the member's credited
25 service. A member who has credited service in force with more
26 than 1 participating municipality shall have a separate final

1 average compensation computed based on the member's compensation
2 record with each participating municipality.

3 (c) For a member who is a judge of the district court, the
4 recorder's court of the city of Detroit, or the circuit court,
5 and has converted a portion or all of his or her state salary
6 standardization payment as provided for in sections 14a and 14c
7 of the judges' retirement act, Act No. 198 of the Public Acts of
8 1951, being sections 38.814a and 38.814c of the Michigan Compiled
9 Laws, as an addition to his or her state base salary under Act
10 No. 198 of the Public Acts of 1951, being sections 38.801 to
11 38.831 of the Michigan Compiled Laws, the difference between the
12 figure that would otherwise be used under subdivision (a) to com-
13 pute the member's retirement benefits, and the amount of the
14 state salary standardization payment converted.

15 (6) ~~(5)~~ "Governing body" means the representative legisla-
16 tive body of a municipality, or the administrative board or com-
17 mission of a public corporation or instrumentality which does not
18 have a representative legislative body.

19 Sec. 2c. (1) "Participating municipality" means a munici-
20 pality which has elected to be governed by the provisions of this
21 act. Two or more municipalities may enter into an agreement with
22 each other and the retirement system to participate as a combined
23 unit.

24 (2) "Prior service" means certified personal service
25 rendered a municipality by a member prior to the date the munici-
26 pality became a participating municipality. The participating
27 municipality shall certify to the retirement system, in writing,

1 the amount of prior service to be credited each member in its
2 employ. The participating municipality may limit the period of
3 certified prior service to either a percentage of the member's
4 total period of prior service or a stated number of years.
5 Certification of prior service shall be made prior to the retire-
6 ment of a member, in the form and at the time prescribed by the
7 retirement board.

8 (3) "Retirant" means an individual who is being paid a
9 retirement allowance on account of the individual's membership in
10 the retirement system.

11 (4) "Retirement allowance" means an annual amount payable in
12 monthly installments by the retirement system, whether payable
13 for a temporary period or throughout the future life of a retir-
14 ant or beneficiary.

15 (5) "Retirement board" means the retirement board provided
16 for in section 36 to administer the retirement system.

17 (6) "Retirement system" or "system" means the municipal
18 employees retirement system established by former Act No. 135 of
19 the Public Acts of 1945 and continued and restated by this act.

20 (7) "Vested former member" means a former member who has
21 10 or more years of credited service in force OR 8 OR MORE YEARS
22 OF CREDITED SERVICE IN FORCE IF THE FORMER MEMBER IS AN ELECTED
23 OFFICIAL.

24 Sec. 10. (1) A member or a vested former member may retire
25 upon satisfaction of each of the following requirements:

26 (a) A written application for retirement, on a form
27 established by the retirement system, has been filed with the

1 retirement system. The retirement board may establish required
2 time periods, preceding or surrounding the date of retirement,
3 for the filing of an application for retirement.

4 (b) One of the following applies:

5 (i) The member or vested former member has attained age
6 50 years or older and has 25 or more years of credited service.

7 (ii) The member or vested former member has attained age
8 55 years or older and has 15 or more years of credited service.

9 (iii) The member or vested former member has attained age
10 60 years or older and has 10 or more years of credited service.

11 (iv) IN THE CASE OF AN ELECTED OFFICIAL, THE MEMBER OR
12 VESTED FORMER MEMBER HAS ATTAINED AGE 50 YEARS OR OLDER AND HAS 8
13 OR MORE YEARS OF CREDITED SERVICE.

14 (c) The member terminates membership prior to the date of
15 retirement.

16 (2) Upon retirement the member or vested former member shall
17 be paid a retirement allowance computed in accordance with the
18 benefit programs which are applicable to the member's or vested
19 former member's credited service and the provisions of
20 subsection (3). The benefit programs applicable to a vested
21 former member shall be determined as of the date of termination
22 of membership and shall not be affected by any subsequent change
23 in benefit programs which is applicable to the classifications
24 held by the vested former member.

25 (3) If the date of retirement precedes the date the member
26 or vested former member attains the full retirement allowance age
27 as determined under subsection (4) or (5), the amount of

1 retirement allowance shall be reduced. The amount of reduction
2 shall be 1/2 of 1% of the retirement allowance multiplied by the
3 number of months, rounded to the next higher number of months and
4 not less than zero, by which the date of retirement precedes the
5 date the member or vested former member attains the full retire-
6 ment allowance age. The reduction called for in this subsection
7 shall not be applied to benefit component (i) under benefit pro-
8 gram B, as provided in section 14.

9 (4) A participating municipality may adopt ANY OF THE
10 FOLLOWING benefit ~~program~~ PROGRAMS: E50, F50, or ~~benefit~~
11 ~~program~~ F55. ~~, or both.~~ UNDER BENEFIT PROGRAM E50, THE FULL
12 RETIREMENT ALLOWANCE AGE SHALL BE AGE 50 YEARS WITH A REQUIRED
13 PERIOD OF CREDITED SERVICE OF NOT LESS THAN 8 YEARS. Under bene-
14 fit program F50, the full retirement allowance age shall be age
15 50 years with a required period of credited service of either 25
16 years or 30 years. Under benefit program F55, the full retire-
17 ment allowance age shall be age 55 years with a required period
18 of credited service of 15 years, 20 years, 25 years, or 30
19 years.

20 (5) Full retirement allowance age shall be age 60 years,
21 unless the participating municipality has adopted benefit program
22 E50, F50, or ~~benefit program~~ F55, ~~or both,~~ and the member or
23 vested former member has the required period of credited
24 service. The governing body of the participating municipality
25 shall specify, at the time benefit program E50, F50, or ~~benefit~~
26 ~~program~~ F55, ~~or both,~~ are adopted, the required period of

1 credited service which shall be applicable to the benefit
2 program.

3 Sec. 12. A member who ceases to be a member, for a reason
4 other than retirement or death, shall be a vested former member
5 if the member has 10 or more years of credited service OR 8 OR
6 MORE YEARS OF CREDITED SERVICE IN FORCE IF THE MEMBER WAS AN
7 ELECTED OFFICIAL at the time membership terminates. A vested
8 former member may retire upon satisfaction of the requirements of
9 section 10. The benefit programs applicable to a vested former
10 member shall be determined as of the date of termination of mem-
11 bership and shall not be affected by any subsequent change in
12 benefit programs applicable to the classifications held by the
13 vested former member.

14 SEC. 19A. (1) BY RESOLUTION A COUNTY BOARD OF COMMISSIONERS
15 OF A COUNTY WHICH IS A PARTICIPATING MUNICIPALITY UNDER THIS ACT
16 MAY ADOPT BENEFIT PROGRAM E50. THE RESOLUTION SHALL SPECIFY THE
17 EFFECTIVE DATE OF THE BENEFIT PROGRAM. BENEFIT PROGRAM E50 SHALL
18 APPLY ONLY TO A MEMBER WHOSE CREDITED SERVICE WAS AS AN ELECTED
19 OFFICIAL.

20 (2) THE AMOUNT OF RETIREMENT ALLOWANCE UNDER BENEFIT PROGRAM
21 E50 SHALL BE AS FOLLOWS:

22 (A) FOR A MEMBER WHO IS AN ELECTED OFFICIAL AND WHO HAS NOT
23 LESS THAN 8 YEARS BUT NOT MORE THAN 11 YEARS OF CREDITED SERVICE
24 AS AN ELECTED OFFICIAL, 40% OF THE COMPENSATION PAID TO THE
25 MEMBER IN THE MEMBER'S LAST FULL YEAR OF EMPLOYMENT.

26 (B) FOR A MEMBER WHO IS AN ELECTED OFFICIAL AND WHO HAS MORE
27 THAN 11 YEARS BUT NOT MORE THAN 15 YEARS OF CREDITED SERVICE AS

1 AN ELECTED OFFICIAL, 50% OF THE COMPENSATION PAID TO THE MEMBER
2 IN THE MEMBER'S LAST FULL YEAR OF EMPLOYMENT.

3 (C) FOR A MEMBER WHO IS AN ELECTED OFFICIAL AND WHO HAS MORE
4 THAN 15 YEARS OF CREDITED SERVICE AS AN ELECTED OFFICIAL, 60% OF
5 THE COMPENSATION PAID TO THE MEMBER IN THE MEMBER'S LAST FULL
6 YEAR OF EMPLOYMENT.

7 (3) FOR PURPOSES OF THIS SECTION, "MEMBER" INCLUDES A VESTED
8 FORMER MEMBER WITH THE REQUISITE NUMBER OF YEARS OF CREDITED
9 SERVICE AS AN ELECTED OFFICIAL.

10 SEC. 22A. (1) BY RESOLUTION A COUNTY BOARD OF COMMISSIONERS
11 OF A COUNTY WHICH IS A PARTICIPATING MUNICIPALITY UNDER THIS ACT
12 MAY ADOPT BENEFIT PROGRAM E3. THE RESOLUTION SHALL SPECIFY THE
13 EFFECTIVE DATE OF THE BENEFIT PROGRAM. BENEFIT PROGRAM E3 SHALL
14 APPLY TO EACH RETIREMENT ALLOWANCE OF A RETIRANT WHOSE CREDITED
15 SERVICE WAS AS AN ELECTED OFFICIAL AND WHICH ALLOWANCE HAS AN
16 EFFECTIVE DATE ON OR AFTER THE EFFECTIVE DATE OF THIS BENEFIT
17 PROGRAM.

18 (2) THE FIRST ADJUSTMENT DATE UNDER BENEFIT PROGRAM E3 SHALL
19 BE THE FIRST JANUARY 1 COINCIDENT WITH OR SUBSEQUENT TO THE
20 EFFECTIVE DATE OF THE CHANGE IN COVERAGE AND WHICH IS ALSO AT
21 LEAST 30 DAYS AFTER THE ADOPTION OF BENEFIT PROGRAM E3.
22 SUBSEQUENT ADJUSTMENT DATES SHALL OCCUR ON EACH JANUARY 1 AFTER
23 THE INITIAL ADJUSTMENT DATE.

24 (3) THE AMOUNT OF A RETIREMENT ALLOWANCE SHALL BE ADJUSTED
25 ON EACH ADJUSTMENT DATE EXCEPT THE ADJUSTMENT DATE, IF ANY, WHICH
26 IS LESS THAN 6 MONTHS AFTER THE EFFECTIVE DATE OF THE RETIREMENT
27 ALLOWANCE. THE AMOUNT OF ADJUSTMENT SHALL BE EQUAL TO THE

1 ADJUSTMENT FACTOR MULTIPLIED BY THE AMOUNT OF BASE RETIREMENT
2 ALLOWANCE.

3 (4) THE BASE AMOUNT OF RETIREMENT ALLOWANCE IS THE AMOUNT
4 PAYABLE UNDER BENEFIT PROGRAM E50 AS ADJUSTED BY BENEFIT PROGRAM
5 E3 THE PREVIOUS YEAR.

6 (5) THE ADJUSTMENT FACTOR SHALL BE 3%.