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RETIREMENT; ALLOW SURVIVING SPOUSE TO PURCHASE MILITARY SERVICE CREDIT

House Bills 5424-5427 and 5429
Sponsor: Rep. Valde Garcia
**Committee: Senior Health, Security and
Retirement**

Complete to 3-2-00

A SUMMARY OF HOUSE BILLS 5424-5427 AND 5429 AS INTRODUCED 2-22-00

Generally, members of public retirement systems may purchase service credit for time spent in other types of public service employment, including military service. (Additionally, under certain limited conditions in some of the retirement systems, military service is credited to retirement system members at no cost to the members.) House Bills 5424-5427 and 5429 would amend various retirement acts to allow the surviving spouse of a retirement system member to purchase military service credit. As is currently the case, the bills specify that service credit could not be purchased under these provisions if the same service had been credited under another publicly supported retirement system, excepting service in the federal reserve.

House Bill 5424 would amend the State Employees Retirement System Act (MCL 38.17j and 38.18). Under that act, members of the system may receive up to five years of military service credit at no cost if the military service is directly preceded and followed by state employment. Members who do not meet those requirements may purchase up to up to five years service credit by paying to the retirement system five percent of the member's highest previous year's salary for each year of service credit purchased. Under House Bill 5424, a surviving spouse of a former member who did not meet the requirements to receive military service credit at no charge would be allowed to purchase up to five years service credit for the active duty service of the former member upon payment to the system of five percent of the former member's salary for the last fiscal year in which the former member was employed for each year of service credit purchased.

House Bill 5425 would amend Public Act 156 of 1851, which authorizes county boards of commissioners to provide retirement benefits to their employees (MCL 46.12a). The bill would allow the surviving spouse of a deceased former member of a county retirement system who had not previously purchased military service credit to purchase the service credit after the member's death. Under county retirement systems, provision is made for the purchase of up to five years service credit upon payment of five percent of annual compensation for each year of service credit purchased.

House Bill 5426 would amend the Public School Employees Retirement System Act (MCL 38.1374). Under that act, members of the system may receive up to six years of military service credit at no cost if the military service is directly preceded and followed by public school employment. Members who do not meet those requirements may purchase up to up to five years service credit by paying to the retirement system five percent of the salary earned by the member in

House Bills 5424, 5425, 5426, 5427 and 5429 (3-2-00)

the last school fiscal year employed for each year of service credit purchased. Under the bill, a surviving spouse of a deceased member who did not meet the requirements to receive military service credit at no cost would be allowed to purchase service credit not previously purchased by the member. A spouse could purchase up to five years service credit upon payment of five percent of the member's salary earned in the last school fiscal year before his or her death for each year of credit purchased.

House Bill 5427 would amend the State Police Retirement Act (MCL 38.1632 and 38.1635). Under that act, members of the system may receive up to two years of military service credit at no cost if the military service is directly preceded and followed by state police employment. Members who do not meet those requirements may purchase up to up to two years service credit by paying to the retirement system five percent of the member's annual salary for each year of service credit purchased. Under House Bill 5427, a surviving spouse of a former member who did not meet the requirements to receive military service credit at no charge would be allowed to purchase up to two years service credit for the active duty service of the former member upon payment to the system of five percent of the former member's salary for the last fiscal year in which he or she was a member of the retirement system for each year of service credit purchased.

House Bill 5429 would amend the Firefighters and Police Officers Retirement Act (MCL 38.556), which authorizes local governments to provide retirement benefits to full-time police officers and fire fighters. Under that act, members of a retirement system may receive service credit for military service during a time of war or other national emergency, at no cost and with no limitation on number of years, if the military service was directly preceded and followed by employment as a police officer or fire fighter with the same municipality. Members who do not meet those requirements may purchase service credit, upon approval by a 3/5 vote of the municipality's governing body, for up to six years of military service by paying five percent of annual salary for each year of service credit purchased. The bill would allow a surviving spouse of a deceased member to purchase service credit in the same manner if the member had not previously purchased the service credit.

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