

**SUBSTITUTE FOR
SENATE BILL NO. 132**

A bill to amend 1992 PA 234, entitled
"The judges retirement act of 1992,"
by amending sections 714 and 715 (MCL 38.2664 and 38.2665), section
714 as amended by 2002 PA 95 and section 715 as amended by 1999 PA
215.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 714. (1) This section is subject to the vesting
2 requirements of section 715.

3 (2) A qualified participant's employer shall contribute to the
4 qualified participant's account in Tier 2 an amount equal to 4% of
5 the qualified participant's salary.

6 (3) A qualified participant may periodically elect to
7 contribute up to 3% of his or her salary to his or her Tier 2
8 account. The qualified participant's employer shall make an

1 additional contribution to the qualified participant's Tier 2
2 account in an amount equal to the contribution made by the
3 qualified participant under this subsection.

4 (4) A qualified participant may make contributions in addition
5 to contributions made under subsection (3) to his or her Tier 2
6 account as permitted by the state treasurer and the internal
7 revenue code. The qualified participant's employer shall not match
8 contributions made by the qualified participant under this
9 subsection.

10 (5) A qualified participant who makes a written election under
11 section 701a may elect to contribute up to 6% of his or her salary
12 to his or her Tier 2 account. In lieu of employer contributions
13 under subsection (3), the qualified participant's employer shall
14 make an additional contribution to the qualified participant's Tier
15 2 account in an amount equal to the contribution made by the
16 qualified participant under this subsection. This subsection
17 applies for a period as determined by the department that equals
18 the time in which a Tier 1 member was not able to make
19 contributions to the Tier 2 plan because of the temporary
20 restraining order issued in the case of Michigan judges assn v
21 Treasurer of the State of Michigan, case no. 98-DT-72771-CV (Ed
22 Mi).

23 (6) Beginning January 1, 2002, each qualified participant **WHO**
24 **WAS FIRST ELIGIBLE TO BECOME A QUALIFIED PARTICIPANT ON OR BEFORE**
25 **NOVEMBER 1, 2010 AND** who is a plan 1 member or a plan 2 member,
26 upon taking office and so long as he or she remains in office,
27 shall contribute 2.0% of the qualified participant's compensation

1 to the retirement system. The retirement system shall deposit the
2 contribution under this subsection into the reserve for health
3 benefits for hospital and medical-surgical and sick care benefits
4 as provided in section 719.

5 Sec. 715. (1) A qualified participant is immediately 100%
6 vested in his or her contributions made to Tier 2. A qualified
7 participant shall vest in the employer contributions made on his or
8 her behalf to Tier 2 according to the following schedule:

9 (a) Upon completion of 2 years of service, 50%.

10 (b) Upon completion of 3 years of service, 75%.

11 (c) Upon completion of 4 years of service, 100%.

12 (2) A qualified participant **WHO WAS FIRST ELIGIBLE TO BECOME A**
13 **QUALIFIED PARTICIPANT ON OR BEFORE NOVEMBER 1, 2010** is vested in
14 the health insurance coverage provided in section 719 if the
15 qualified participant meets 1 of the following requirements:

16 (a) The qualified participant has completed 4 years of service
17 as a qualified participant and was not a member, deferred vested
18 member, or former nonvested member of Tier 1.

19 (b) The qualified participant was a member, deferred vested
20 member, or former nonvested member of Tier 1 who made an election
21 to participate in Tier 2 pursuant to section 701 or 701a, and who
22 has met the service requirements he or she would have been required
23 to meet in order to vest in health benefits under section 509.

24 Enacting section 1. This amendatory act does not take effect
25 unless House Bill No. 4194 of the 95th Legislature is enacted into
26 law.