

**THE JUDGES RETIREMENT ACT OF 1992 (EXCERPT)**  
**Act 234 of 1992**

\*\*\*\*\* 38.2504a THIS SECTION IS REPEALED BY ACT 215 OF 1999 EFFECTIVE ON THE DATE THE SETTLEMENT AGREEMENT IN THE CASE OF MICHIGAN JUDGES ASSN V TREASURER OF THE STATE OF MICHIGAN, CASE NO. 98-DT-72771-CV (ED MI), BECOMES OF NO FURTHER FORCE AND EFFECT, IS RENDERED NULL AND VOID, OR IS OTHERWISE TERMINATED \*\*\*\*\*

**38.2504a Plan 3 member; election; filing; manner; payment; definitions; applicability of section.**

Sec. 504a.

(1) A judge who is a plan 3 member may make the election prescribed in this subsection during the election period. A judge who makes the election under this subsection elects to convert the balance of the difference between the state base salary and the maximum statutory salary established by the revised judiciary act that is not already converted under section 504. The election is effective on the conversion date and converts the described balance as an addition to the judge's state base salary for the purposes of computation of a retirement allowance under this act. The retirement system shall accept written elections from plan 3 members during the election period. A member who does not make a written election or who does not file the election during the election period remains at the same level of state salary standardization payment conversion previously elected under this section, if any. A member who files a written election during the election period also elects to convert the balance of the difference between the state base salary and the maximum statutory salary established by the revised judiciary act that is not already converted under section 504 for all years of credited service through June 30, 1998. The retirement system shall determine the method by which a member shall make a written election under this subsection. Within 30 days after the request of a member, a reporting unit shall disclose to the member the effect an election under this subsection, if made, will have on the member's right as a retirant to health care benefits and any other benefits from that reporting unit. The election provided in this subsection is not intended to impair a member's right to receive health care benefits or other insurance benefits from a reporting unit.

(2) A member who makes the election under subsection (1) shall make a payment of an amount equal to the sum of the following:

(a) The actuarial cost of the conversion under subsection (1) as calculated by the retirement system, which shall be based upon methods adopted by the department and the retirement system's actuary in consultation with the retirement board.

(b) The member contributions that would have been paid from July 1, 1999 through the conversion date, as if the member had made the conversion under subsection (1) and had been a plan 3c member as of July 1, 1999.

(c) Interest on any amounts determined under subdivisions (a) and (b), from July 1, 1999 through the conversion date, based upon 8% effective annual interest, compounded annually.

(3) The retirement system shall accept as full or partial payment of the amount required to be paid by a member under subsection (2) an amount determined and transferred by any tax-qualified plan or rollover IRA, if any, including the municipal employees retirement system, 1984 PA 427, MCL 38.1501 to 38.1555. Transfer under this subsection shall occur on or before the conversion date, unless extended by the department for good cause. After receipt of the amount that is transferred to the retirement system under this subsection, the member shall pay to the retirement system under this subsection the balance of the amount due, if any, as calculated under subsection (2). Beginning with the pay period following the conversion date, the member shall pay the total amount due or the balance due, as appropriate, under subsection (2) by equal payments through deductions from compensation as provided in section 504 over a period not to exceed 100 pay periods. However, a member who files an application to retire and who has an outstanding balance due under subsection (2) shall pay the balance due on or before his or her retirement allowance effective date. A member may elect to have the deductions from compensation under this subsection be made on a salary reduction basis, which deductions shall be picked up by the member's employer. Contributions picked up under this section on a salary-reduction basis are not included as gross taxable income of the contributor.

(4) As used in this section:

(a) "Conversion date" means the first pay period following December 31, 2000 or a date 90 days following the close of the election period, whichever is later.

(b) "Election period" means an election period of not less than 60 days as determined by the retirement system following the notification from the internal revenue service described in subsection (5).

(5) This section does not apply until the department receives notification from the United States internal revenue service that the conversion of the balance of the difference between the state base salary and the maximum statutory salary established by the revised judiciary act under this section does not cause the retirement system to be disqualified for tax purposes.

(6) Contributions shall not be picked up by this state pursuant to this section until the department receives notification from the United States internal revenue service that such contributions will not be included as gross income of the member until they are distributed or made available to the member, retirant, retirement allowance beneficiary, or refund beneficiary.

**History:** Add. 1999, Act 215, Eff. May 30, 2000