

Act No. 44
Public Acts of 1988
Approved by the Governor
March 11, 1988
Filed with the Secretary of State
March 11, 1988

**STATE OF MICHIGAN
84TH LEGISLATURE
REGULAR SESSION OF 1988**

Introduced by Reps. Barns and DeMars

ENROLLED HOUSE BILL No. 5137

AN ACT to amend sections 21 and 22 of Act No. 427 of the Public Acts of 1984, entitled "An act to provide for a retirement system for municipal employees; to create a municipal employees retirement board and to prescribe its powers and duties; to prescribe the powers and duties of certain other state officers and agencies; and to repeal certain acts and parts of acts," section 21 as amended by Act No. 291 of the Public Acts of 1986, being sections 38.1521 and 38.1522 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 21 and 22 of Act No. 427 of the Public Acts of 1984, section 21 as amended by Act No. 291 of the Public Acts of 1986, being sections 38.1521 and 38.1522 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 21. (1) By resolution a participating municipality may adopt or readopt benefit program E-1. The resolution shall specify the effective date of the change in coverage. Benefit program E-1 shall apply to each retirement allowance which has an effective date prior to the effective date of the change in coverage and which is not subject to adjustment under benefit program E-2.

(2) The first adjustment date under benefit program E-1 shall be the first January 1 coincident with or subsequent to the effective date of change in coverage and which is also at least 30 days after the adoption of benefit program E-1. Subsequent adjustment dates shall occur on each January 1 after the initial adjustment date.

(3) The amount of the retirement allowance of a retirant whose participating municipality has adopted or readopted benefit program E-1 shall be adjusted on each adjustment date except the adjustment date, if any, which is less than 6 months after the effective date of the retirement allowance. The amount of adjustment, subject to application of the maximum cumulative adjustment limitation, shall be equal to the adjustment factor multiplied by the amount of base retirement allowance.

(4) Effective January 1, 1987, the maximum cumulative adjustment limitation is 100% of the cumulative percentage increase in the consumer price index since the effective date of the retirement allowance. The limitation shall be applied to the base amount of retirement allowance. For purposes of this subsection, "consumer price index" means the consumer price index for all urban consumers, as published by the United States department of labor. If this index is discontinued or restructured after 1983 in a manner materially changing its character, the retirement board shall select the alternative index which most closely preserves the intent implied in the selection of the specified index. The retirement board shall select the index most closely resembling the specified index for application to periods for which the specified index was not published.

(5) The base amount of retirement allowance is the amount that would be payable if the retirement allowance had never been adjusted under the provisions of benefit program E-1.

(6) The adjustment factor shall be 2.5%.

Sec. 22. (1) By resolution a participating municipality may adopt benefit program E-2. The resolution shall specify the effective date of the change in coverage. Benefit program E-2 shall apply to each retirement allowance which has an effective date on or after the effective date of the change in coverage.

(2) The first adjustment date under benefit program E-2 shall be the first January 1 coincident with or subsequent to the effective date of the change in coverage and which is also at least 30 days after the adoption of benefit program E-2. Subsequent adjustment dates shall occur on each January 1 after the initial adjustment date.

(3) The amount of a retirement allowance shall be adjusted on each adjustment date except the adjustment date, if any, which is less than 6 months after the effective date of the retirement allowance. The amount of adjustment, subject to application of the maximum cumulative adjustment limitation, shall be equal to the adjustment factor multiplied by the amount of base retirement allowance.

(4) Effective January 1, 1987, the maximum cumulative adjustment limitation is 100% of the cumulative percentage increase in the consumer price index since the effective date of the retirement allowance. The limitation shall be applied to the base amount of retirement allowance. For purposes of this subsection, "consumer price index" means the consumer price index for all urban consumers, as published by the United States department of labor. If this index is discontinued or restructured subsequent to 1983 in a manner materially changing its character, the retirement board shall select the alternative index which most closely preserves the intent implied in the selection of the specified index. The retirement board shall select the index most closely resembling the specified index for application to periods for which the specified index was not published.

(5) The base amount of retirement allowance is the amount that would be payable if the retirement allowance had never been adjusted under the provisions of benefit program E-2.

(6) The adjustment factor shall be 2.5%.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.

