

# HOUSE BILL No. 5137

November 10, 1987, Introduced by Reps. Barns and DeMars and referred  
to the Committee on Senior Citizens and Retirement.

A bill to amend sections 21 and 22 of Act No. 427 of the  
Public Acts of 1984, entitled  
"Municipal employees retirement act 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.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

5 Sec. 21. (1) By resolution a participating municipality may  
6 adopt or readopt benefit program E-1. The resolution shall  
7 specify the effective date of the change in coverage. Benefit  
8 program E-1 shall apply to each retirement allowance which has an

1 effective date prior to the effective date of the change in  
2 coverage and which is not subject to adjustment under benefit  
3 program E-2.

4       (2) The first adjustment date under benefit program E-1  
5 shall be the first January 1 coincident with or subsequent to the  
6 effective date of change in coverage and which is also at least  
7 30 days after the adoption of benefit program E-1. Subsequent  
8 adjustment dates shall occur on each January 1 after the initial  
9 adjustment date.

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

18       (4) ~~The~~ EFFECTIVE JANUARY 1, 1987, THE maximum cumulative  
19 adjustment limitation is ~~75%~~ 100% of the cumulative percentage  
20 increase in the consumer price index since the effective date of  
21 the retirement allowance. The limitation shall be applied to the  
22 base amount of retirement allowance. For purposes of this sub-  
23 section, "consumer price index" means the consumer price index  
24 for all urban consumers, as published by the United States  
25 department of labor. If this index is discontinued or restruc-  
26 tured after 1983 in a manner materially changing its character,  
27 the retirement board shall select the alternative index which

1 most closely preserves the intent implied in the selection of the  
2 specified index. The retirement board shall select the index  
3 most closely resembling the specified index for application to  
4 periods for which the specified index was not published.

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

8 (6) The adjustment factor shall be 2.5%.

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

14 (2) The first adjustment date under benefit program E-2  
15 shall be the first January 1 coincident with or subsequent to the  
16 effective date of the change in coverage and which is also at  
17 least 30 days after the adoption of benefit program E-2.

18 Subsequent adjustment dates shall occur on each January 1 after  
19 the initial adjustment date.

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

1       (4) ~~The~~ EFFECTIVE JANUARY 1, 1987, THE maximum cumulative  
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10 character, the retirement board shall select the alternative  
11 index which most closely preserves the intent implied in the  
12 selection of the specified index. The retirement board shall  
13 select the index most closely resembling the specified index for  
14 application to periods for which the specified index was not  
15 published.

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

19       (6) The adjustment factor shall BE 2.5%.