

HOUSE BILL No. 5442

March 8, 1988, Introduced by Rep. Perry Bullard and referred to the
Committee on Senior Citizens and Retirement.

A bill to amend section 17a of Act No. 240 of the Public
Acts of 1943, entitled as amended
"State employees' retirement act,"
being section 38.17a of the Michigan Compiled Laws; and to add
section 17k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 17a of Act No. 240 of the Public Acts of
2 1943, being section 38.17a of the Michigan Compiled Laws, is
3 amended and section 17k is added to read as follows:

4 Sec. 17a. (1) If an employee of a department of a govern-
5 mental unit of the state is transferred to the employ of the
6 state, by reason of a function or functions of the department
7 being transferred to the state, the employee so transferred, who
8 does not withdraw his OR HER accumulated contributions from the
9 governmental unit's retirement system, and subsequent to the date

1 of his OR HER transfer acquires at least 1 year of service credit
2 as a member of the state employees' retirement system, shall be
3 entitled to use the credited service in force previously acquired
4 as a member of the governmental unit's retirement system in meet-
5 ing the service requirements for all retirement allowances and
6 death benefits by the state employees' retirement system. The
7 credited service acquired in the employ of the governmental unit
8 shall not be used in computing the amount of a retirement allow-
9 ance to be paid by the state employees' retirement system.

10 (2) For the purposes of this act "governmental unit of the
11 state" includes the international bridge authority created by Act
12 No. 99 of the Public Acts of 1954, being sections 254.221 to
13 254.240 of the Michigan Compiled Laws.

14 (3) A MEMBER OF THIS RETIREMENT SYSTEM, WHO WAS TRANSFERRED
15 FROM THE EMPLOY OF THE CITY OF DETROIT TO THE EMPLOY OF THE STATE
16 AND BECAME A MEMBER OF THIS RETIREMENT SYSTEM AS A DIRECT RESULT
17 OF THE TRANSFER OF FUNCTIONS OF MENTAL HEALTH SERVICES AT HERMAN
18 KIEFER CENTER, AND WHO WITHDREW HIS OR HER ACCUMULATED CONTRIBU-
19 TIONS FROM A RETIREMENT SYSTEM OF THE CITY OF DETROIT, BUT WHO
20 OTHERWISE MEETS THE REQUIREMENTS OF SUBSECTION (1), SHALL BE
21 ENTITLED TO USE THE SERVICE PERFORMED BY THE MEMBER WHILE AN
22 EMPLOYEE OF THE CITY OF DETROIT AND CREDITED TO HIM OR HER IN A
23 RETIREMENT SYSTEM OF THE CITY OF DETROIT IN MEETING THE SERVICE
24 REQUIREMENTS FOR RECEIVING RETIREMENT ALLOWANCES AND DEATH BENE-
25 FITS UNDER THIS ACT. THE CREDITED SERVICE ACQUIRED IN THE EMPLOY
26 OF THE CITY OF DETROIT SHALL NOT BE USED IN COMPUTING THE AMOUNT
27 OF A RETIREMENT ALLOWANCE PAYABLE UNDER THIS ACT. THE

1 COMPENSATION RECORD OF THE PERSON UNDER THE RETIREMENT SYSTEM OF
2 THE CITY OF DETROIT SHALL NOT BE USED IN THE COMPUTATION OF THE
3 PERSON'S FINAL AVERAGE COMPENSATION UNDER THIS ACT.

4 SEC. 17K. (1) A DECEASED MEMBER OF THIS RETIREMENT SYSTEM,
5 WHO WAS TRANSFERRED FROM THE EMPLOY OF THE CITY OF DETROIT TO THE
6 EMPLOY OF THE STATE AND BECAME A MEMBER OF THIS RETIREMENT SYSTEM
7 AS A DIRECT RESULT OF THE TRANSFER OF FUNCTIONS OF MENTAL HEALTH
8 SERVICES AT HERMAN KIEFER CENTER, WHO WITHDREW HIS OR HER CONTRI-
9 BUTIONS FROM A RETIREMENT SYSTEM OF THE CITY OF DETROIT, AND WHO
10 DIED ON APRIL 28, 1983 HAVING LESS THAN 15 YEARS OF CREDITED
11 SERVICE IN THIS RETIREMENT SYSTEM, SHALL HAVE HIS OR HER CREDITED
12 SERVICE RECOMPUTED TO INCLUDE ALL OF THE FOLLOWING:

13 (A) SERVICE PERFORMED BY THE DECEASED WHILE AN EMPLOYEE OF
14 THE CITY OF DETROIT AND CREDITED TO HIM OR HER IN A RETIREMENT
15 SYSTEM OF THE CITY OF DETROIT. THE SERVICE SHALL BE CREDITABLE
16 UNDER THIS SECTION ONLY FOR THE PURPOSE OF ACQUIRING ELIGIBILITY
17 FOR A SURVIVOR BENEFIT UNDER SUBSECTION (4) AND SHALL NOT BE USED
18 IN COMPUTING THE AMOUNT OF THAT BENEFIT. THE COMPENSATION RECORD
19 OF THE DECEASED WHILE AN EMPLOYEE OF THE CITY OF DETROIT SHALL
20 NOT BE USED IN THE COMPUTATION OF THE DECEASED'S FINAL AVERAGE
21 COMPENSATION.

22 (B) SUBJECT TO SUBSECTION (2), THE AMOUNT OF CREDITED SERV-
23 ICE TRANSFERRED BY OTHER MEMBERS PURSUANT TO THIS SUBDIVISION. A
24 MEMBER WHO HAS 10 OR MORE YEARS OF CREDITED SERVICE MAY ELECT TO
25 TRANSFER SERVICE CREDIT TO THE ACCOUNT OF THE DECEASED UPON WRIT-
26 TEN DECLARATION TO THE RETIREMENT BOARD, SIGNED AND DATED BY THE
27 MEMBER, INDICATING THE NUMBER OF HOURS TO BE TRANSFERRED AND

1 IRREVOCABLY FORFEITING FOR HIMSELF OR HERSELF ALL RIGHTS AND
2 BENEFITS UNDER THIS ACT ATTRIBUTABLE TO THE SERVICE CREDIT
3 TRANSFERRED. SERVICE CREDIT TRANSFERRED TO THE ACCOUNT OF THE
4 DECEASED UNDER THIS SUBDIVISION SHALL BE USED FOR THE PURPOSES OF
5 ACQUIRING ELIGIBILITY FOR A SURVIVOR BENEFIT UNDER SUBSECTION (4)
6 AND IN COMPUTING THE AMOUNT OF THAT BENEFIT.

7 (C) SUBJECT TO SUBSECTION (2), SERVICE CREDIT PURCHASED FOR
8 THE ACCOUNT OF THE DECEASED UPON WRITTEN REQUEST AND PAYMENT TO
9 THE RETIREMENT SYSTEM OF AN AMOUNT EQUAL TO 5% OF THE DECEASED'S
10 FULL-TIME OR EQUATED FULL-TIME COMPENSATION AT THE DATE OF LAST
11 EMPLOYMENT BY THE STATE FOR EACH YEAR OF SERVICE CREDIT
12 PURCHASED. PAYMENT SHALL BE PRORATED FOR ANY FRACTION OF A YEAR
13 PURCHASED. FOR THE PURPOSE OF COMPUTING PAYMENT THE COMPENSATION
14 AMOUNT USED SHALL NOT BE LESS THAN AN AMOUNT WHICH WOULD HAVE
15 BEEN THE FINAL AVERAGE COMPENSATION OF THE DECEASED, DETERMINED
16 AS IF THE DECEASED HAD RETIRED EFFECTIVE THE DAY PRECEDING THE
17 DATE OF DEATH. SERVICE CREDIT THAT IS CREDITED TO THE ACCOUNT OF
18 THE DECEASED UNDER THIS SUBDIVISION SHALL BE USED FOR THE PUR-
19 POSES OF ACQUIRING ELIGIBILITY FOR A SURVIVOR BENEFIT UNDER SUB-
20 SECTION (4) AND IN COMPUTING THE AMOUNT OF THAT BENEFIT.

21 (2) THE TOTAL SERVICE CREDITED TO A DECEASED MEMBER PURSUANT
22 TO SUBSECTION (1) SHALL NOT EXCEED AN AMOUNT REQUIRED TO CAUSE
23 THE TOTAL CREDITED SERVICE OF THE DECEASED MEMBER TO EQUAL 15
24 YEARS. SERVICE CREDIT TRANSFERRED TO THE ACCOUNT OF THE DECEASED
25 MEMBER UNDER SUBSECTION (1)(B) AFTER THE TOTAL CREDITED SERVICE
26 OF THE DECEASED MEMBER EQUALS 15 YEARS SHALL BE RETURNED TO THE
27 ACCOUNT OF THE TRANSFERRING MEMBER AND ALL RIGHTS AND BENEFITS

1 FORFEITED UNDER SUBSECTION (1)(B) ATTRIBUTABLE TO THAT SERVICE
2 SHALL BE REINSTATED. SERVICE CREDIT TRANSFERRED TO THE ACCOUNT
3 OF THE DECEASED UNDER SUBSECTION (1)(B) SHALL BE RETURNED TO THE
4 ACCOUNT OF THE TRANSFERRING MEMBER, AND ALL RIGHTS AND BENEFITS
5 FORFEITED UNDER SUBSECTION (1)(B) SHALL BE REINSTATED, IF THE
6 TOTAL CREDITED SERVICE OF THE DECEASED MEMBER ON DECEMBER 31,
7 1988 IS LESS THAN 15 YEARS.

8 (3) SERVICE SHALL NOT BE CREDITED UNDER THIS SECTION UNTIL
9 ANY CONTRIBUTIONS REFUNDED TO THE DECEASED MEMBER UNDER SECTION
10 29 ARE RETURNED TO THE RETIREMENT SYSTEM, WITH INTEREST AS DETER-
11 MINED BY THE BOARD.

12 (4) IF, AS A RESULT OF THE RECOMPUTATION DESCRIBED IN SUB-
13 SECTION (1), THE TOTAL CREDITED SERVICE OF A DECEASED MEMBER
14 DESCRIBED IN THAT SUBSECTION EQUALS 15 YEARS, THE SURVIVING
15 SPOUSE OF THE DECEASED SHALL BE ENTITLED TO RECEIVE A RETIREMENT
16 ALLOWANCE, RETROACTIVE TO THE DECEASED MEMBER'S DATE OF DEATH,
17 COMPUTED AS PROVIDED IN FORMER SECTION 31(C), AS THAT SECTION
18 EXISTED ON APRIL 28, 1983.

19 (5) SERVICE CREDIT MAY ONLY BE CREDITED TO A DECEASED
20 MEMBER'S ACCOUNT UNDER THIS SECTION THROUGH DECEMBER 31, 1988.