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THE APPARENT PROBLEM:

Under the Judges' Retirement Act, members may purchase service credit for time spent as a municipal judge, a justice of the peace, a probate judge, or as a judge or referee in various local courts. A district judge in West Branch who served as a coroner before that office was abolished argues that the office of coroner, being quasi-judicial, also should qualify for service buy-in under the Judges' Retirement Act. Many agree, but argue that service credit for time spent as a coroner, along with other sorts of buy-ins, should be purchased at actuarial costs, rather than the special rates now available. Legislation has been proposed to effect these two aims.

THE CONTENT OF THE BILL:

The bill would amend the Judges' Retirement Act to allow a judge to purchase service credit for time spent as a coroner. In order to do so, the member would have to pay into the annuity savings fund an amount determined by the retirement board and the Department of Management and Budget to be the actuarial cost of purchasing the service. In addition, the former coroner would have to relinquish all rights to municipal retirement benefits for the same period of service purchased.

Commencing January 1, 1991, a member who purchased service credit for time spent as a municipal judge, a justice of the peace, a probate judge, or as a judge or referee in various local courts would have to pay the actuarial cost of purchasing the service. That payment is at present determined using a formula that varies according to the circumstances of the member.

MCL 38.813b

FISCAL IMPLICATIONS:

The Bureau of Retirement Systems reports that requiring buy-ins at actuarial costs would result in significant savings to the judges' retirement system. (2-6-90)

ARGUMENTS:

For:

Coroners performed a number of judicial functions, including issuing subpoenas, summoning and swearing jurors for coroners' inquests, presiding over inquests, and instructing the jury. It seems unfair for a judge with coroner's experience to be unable to purchase retirement service credit for that time, when other judges who were justices of the peace or traffic court referees may purchase service credit for time spent in those positions. The bill would remedy this situation by allowing a judge to purchase service credit for time spent as a coroner.

Against:

The bill would create a poor precedent, opening the way for other former local officeholders to seek similar privileges. A coroner's basic role was investigative, not judicial, and this presumably has been the reason coroner service is not listed among the situations for which a judge may purchase service credit for judicial retirement.

JUDGES' RETIREMENT: CORONERS, OTHERS

House Bill 4031 (Substitute H-3)
First Analysis (2-8-90)

Sponsor: Rep. John D. Pridnia
Committee: Judiciary

For:

The bill would improve the conditions under which service credit may be purchased by requiring payments to meet the actuarial costs of such buy-ins. At present, the system as a whole subsidizes the buy-ins, which is unfair to those who do not or cannot utilize the buy-in options. By postponing the effective date for the new payment schedule until next January 1, the bill gives those now in the judicial retirement system plenty of time to take advantage of the current favorable payment formula. For coroner service, up to now not included among the buy-in options, the bill properly requires payment of actuarial cost from the outset.

Against:

The bill may be premature. Various proposals to revamp judicial retirement are before the legislature, and an informal task force of House and Senate members is reviewing judicial retirement issues. With its piecemeal approach, the bill is contrary to the spirit of a more comprehensive review.

Response: The bill's focus is narrow and its proposals uncontroversial. It is unlikely that its subject will be a matter for review by the task force.

Against:

By immediately requiring that purchase of coroner service credit be at actuarial costs, the bill is unfair to judges who wish to purchase such service credit. The custom with rate changes has been to allow a window period; that window period also should be allowed for coroners, who have unfairly been denied the opportunity to purchase service credit until now.

POSITIONS:

The Michigan District Judges Association supports allowing former coroners to purchase retirement system service credit for time spent as coroners. (2-6-90)

The Bureau of Retirement Systems supports the concept of buy-ins at actuarial cost, but would prefer that new buy-ins such as that proposed for coroners be given a phase-in period in which existing rates apply. (2-6-90)