



**House
Legislative
Analysis
Section**

Manufacturer's Bank Building, 12th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

JUDGES' RETIREMENT: SERVICE CREDIT

**House Bill 4031 as enrolled
Second Analysis (1-11-91)**

**Sponsor: Rep. John D. Pridnia
House Committee: Judiciary
Senate Committee: Judiciary**

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. Similar reasoning can be applied to allowing former circuit court commissioners to purchase credit for service performed in that now-abolished quasi-judicial position. However, many are concerned about the burdens to the Judges' Retirement System if judges are continued to be allowed to purchase service credit at the special rates now available, and urge that such buy-ins be made at actuarial rates. Legislation has been proposed to effect these 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 or circuit court commissioner. Before January 1, 1992, the service could be purchased by paying into the annuity savings fund an amount equal to what the contributions would have been under the act, plus interest equal to the current assumed actuarial rate of return on the retirement fund, compounded annually. After January 1, 1992, the member would have to pay 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 or circuit court commissioner would have to relinquish all rights to municipal retirement benefits for the same period of service purchased.

Commencing January 1, 1992, 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; costs of postponing the requirement to January 1, 1992 would be minimal. (1-10-91)

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.

Response: A coroner's basic role was investigative, not judicial, and this presumably has been the reason coroner service has not been listed among the situations for which a judge may purchase service credit for judicial retirement.

For:

Prior to the reforms mandated by the 1963 Constitution, circuit court commissioners performed many of the same duties that now fall to the district court. Article VI, Section 26 of the Constitution abolished the office of circuit court commissioner, effective five years later. Public Act 154 of 1968 created the district court and assigned to it the "duties and powers which by law may be performed by justices of the peace, circuit court commissioners, judges of the municipal courts, judges of police courts, and judges of the recorders court of Cadillac." Judges can now purchase retirement credit for service in each of those positions except circuit court commissioner. The bill would correct this inequity.

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, 1992, the bill gives those now in the judicial retirement system plenty of time to take advantage of the current favorable payment formula.

Response: To better protect the soundness of the retirement system, the bill should require from the outset that former coroners and circuit court commissioners pay actuarial costs of purchasing service credit.