



**House
Legislative
Analysis
Section**

Washington Square Building, Suite 1025
Lansing, Michigan 48909
Phone: 517/373-6466

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MAY 23 1989

House Bill 4398

Mich. State Law Library

Sponsor: Rep. Thomas Power

Committee: Senior Citizens
and Retirement

Complete to 5-4-89

A SUMMARY OF HOUSE BILL 4398 AS INTRODUCED 3-7-89

The bill would amend the Reciprocal Retirement Act to allow a preceding reciprocal unit to enter into an agreement with a succeeding reciprocal unit to transfer a member's credited service when the member has left the preceding unit and entered the employment of the succeeding unit. The agreement would be made by resolution of the governing body of each reciprocal unit. The resolution would specify the amount of credited service and the amount of financial consideration being transferred from the preceding reciprocal unit to the succeeding unit. The financial consideration transferred could not be greater than the larger of the following:

(a) The accumulated contributions of the member whose credited service was being transferred.

(b) The actuarial present value of the retirement allowance payable by the preceding reciprocal unit, currently provided by the act, if that unit did not transfer the member's credited service.

Under the bill, the actuarial present value of the retirement allowance payable by the preceding reciprocal unit entering into the agreement would be calculated, using the interest rate and mortality table specified by the Pension Benefit Guarantee Corporation for calculating the actuarial present value of immediate and deferred pensions under a terminated pension plan, as provided by federal law.

MCL 38.1106

House Bill 4398 (5-4-89)