

# HOUSE BILL No. 5555

March 5, 1990, Introduced by Rep. Hoffman and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 18 of Act No. 240 of the Public Acts of 1943, entitled as amended  
"State employees' retirement act,"  
being section 38.18 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 18 of Act No. 240 of the Public Acts of  
2 1943, being section 38.18 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4       Sec. 18. (1) A member of the retirement system who, while  
5 an employee of ~~the~~ THIS state, was or ~~who shall be~~ IS drafted  
6 or enlisted into active military or other armed service of the  
7 United States government during time of war, or a member who is  
8 drafted or enlisted into active armed service during time of  
9 peace, and who returns for reemployment as a state employee  
10 within 6 months after the member's discharge from active service,

1 or if hospitalized at date of discharge, returns for reemployment  
2 as a state employee within 6 months after release from the mili-  
3 tary facility, shall have ~~all~~ that active service credited as a  
4 member of the retirement system ~~—~~ in the same manner as if the  
5 member had served the state uninterruptedly. ~~but~~ HOWEVER, not  
6 more than 5 years of that service may be credited to a member  
7 UNDER THIS SUBSECTION. During the period of active service, and  
8 until return to state employment, the member's contributions to  
9 the ~~employee's~~ EMPLOYEES' savings fund shall be suspended and  
10 the balance in the employees' savings fund standing to the  
11 member's credit as of the last payroll date ~~preceding~~ BEFORE  
12 the leave of absence from the service of the member's department  
13 shall be accumulated at regular interest. If the member with-  
14 draws all or part of the accumulated contributions from the  
15 employees' savings fund, the active service shall not be credited  
16 until the member returns to the fund all amounts the member with-  
17 drew, together with regular interest computed from the date of  
18 withdrawal to the date of repayment.

19 (2) On or after January 1, 1978 a member of this retirement  
20 system who does not meet the requirements of subsection (1) and  
21 who was drafted, enlisted, inducted, or commissioned into active  
22 duty with the military or other armed service of the United  
23 States government may elect to ~~receive~~ PURCHASE service credit  
24 for not more than 5 years of active duty upon request and payment  
25 to the retirement system of an amount equal to 5% of the member's  
26 full-time compensation for the fiscal year in which payment is  
27 made multiplied by the years of service that the member elects to

1 purchase up to the maximum. Service shall not be credited UNDER  
2 THIS SUBSECTION if it is or would be credited under any other  
3 federal, state, or local publicly supported retirement system.  
4 ~~but~~ HOWEVER, this restriction ~~shall~~ DOES not apply to those  
5 persons who have or will have acquired retirement eligibility  
6 under the federal government for service in the reserve. Armed  
7 service shall not be credited under this subsection until the  
8 member has accumulated 10 years of credited service. Armed serv-  
9 ice under this subsection shall not be creditable to a member on  
10 deferred retirement status under section 20(4) before ~~the effec-~~  
11 ~~tive date of this subsection~~ MAY 18, 1978. For purposes of com-  
12 puting payment under this subsection, the compensation amount  
13 used shall not be less than the highest fiscal year compensation  
14 previously received by the member.

15 (3) A person who was in the employ of the Michigan employ-  
16 ment service on January 1, 1942, the date on which the employment  
17 service and its personnel were taken over by the United States  
18 employment service, and who continued in the employ of the United  
19 States employment service or who was temporarily taken out of the  
20 United States ~~States~~ employment service for service in the war  
21 manpower commission or other government agency engaged in the  
22 prosecution of the war and later returned to the United States  
23 employment service, and whose service to the state, United States  
24 government, and state again was continuous and who was in the  
25 employ either of the United States employment service or of this  
26 state on November 16, 1946, the date on which the employment  
27 service was returned to the state, and who reentered state

1 service on or before that date, shall upon his OR HER reentry  
2 into the state service become an original member of the retire-  
3 ment system, and shall receive full service credit for the period  
4 during which the personnel of the Michigan employment service was  
5 taken over by the United States employment service.

6 (4) A person who entered into the employ of the Michigan  
7 employment service while the employment service was under the  
8 United States employment service and who retires after April 30,  
9 1978, may receive service credit for the service under the United  
10 States employment service by contributing to the retirement  
11 system contributions the person would have made from July 1,  
12 1943, to November 16, 1946, as if that service were rendered as a  
13 state employee, plus the interest with which the contributions  
14 would have been credited from the January following the year of  
15 employment to the date of repayment. The salary on which contri-  
16 butions are based shall be the salary received as a state  
17 employee on November 16, 1946.

18 (5) A member who has prior service ~~as defined in section~~  
19 ~~1(j) of this chapter~~ is entitled to credit for that prior serv-  
20 ice if at the time of retirement the member has 15 or more years  
21 of total service, of which the last 5 are continuous years of  
22 service, and if the member contributions equal the contributions  
23 made or that would have been made for not less than 15 years of  
24 membership service. In the computation of unpaid member contri-  
25 butions, the contribution rate will be computed on the member's  
26 salary level at retirement or date of payment, whichever first  
27 occurs.

1 (6) A MEMBER OF THIS RETIREMENT SYSTEM WHO RETIRED BEFORE  
2 JANUARY 1, 1978, WHO DID NOT MEET THE REQUIREMENTS OF SUBSECTION  
3 (1), AND WHO WAS DRAFTED, ENLISTED, INDUCTED, OR COMMISSIONED  
4 INTO ACTIVE DUTY WITH THE MILITARY OR OTHER ARMED SERVICE OF THE  
5 UNITED STATES GOVERNMENT MAY ELECT TO PURCHASE SERVICE CREDIT FOR  
6 NOT MORE THAN 5 YEARS OF ACTIVE DUTY UPON REQUEST AND PAYMENT TO  
7 THE RETIREMENT SYSTEM OF AN AMOUNT EQUAL TO 5% OF THE FINAL AVER-  
8 AGE COMPENSATION OF THE RETIRANT MULTIPLIED BY THE NUMBER OF  
9 YEARS INCLUDING ANY FRACTION OF A YEAR OF SERVICE THAT THE RETIR-  
10 ANT ELECTS TO PURCHASE UP TO THE MAXIMUM. THE RETIREMENT ALLOW-  
11 ANCE OF A RETIRANT ENTITLED TO PURCHASE SERVICE CREDIT UNDER THIS  
12 SUBSECTION SHALL BE RECALCULATED BASED UPON THE ADDITIONAL SERV-  
13 ICE CREDIT. THE RECALCULATED RETIREMENT ALLOWANCE SHALL BE PAY-  
14 ABLE BEGINNING ON THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH  
15 IN WHICH PAYMENT IS RECEIVED BY THE RETIREMENT SYSTEM. SERVICE  
16 SHALL NOT BE CREDITED UNDER THIS SUBSECTION IF THE SERVICE IS OR  
17 WOULD BE CREDITED UNDER ANY OTHER FEDERAL, STATE, OR LOCAL PUB-  
18 LICLY SUPPORTED RETIREMENT SYSTEM. HOWEVER, THIS RESTRICTION  
19 DOES NOT APPLY TO THOSE PERSONS WHO HAVE OR WILL HAVE ACQUIRED  
20 RETIREMENT ELIGIBILITY UNDER THE FEDERAL GOVERNMENT FOR SERVICE  
21 IN THE RESERVE.