

HOUSE BILL No. 6302

November 28, 1990, Introduced by Reps. Hoffman and Bartnik 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,"

as amended by Act No. 177 of the Public Acts of 1990, 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, as amended by Act No. 177 of the Public Acts of 1990, being
3 section 38.18 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 18. (1) A member of the retirement system who, while
6 an employee of the state, was or who shall be drafted or enlisted
7 into active military or other armed service of the United States
8 government during time of war, or a member who is drafted or
9 enlisted into active armed service during time of peace, and who

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

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

1 made multiplied by the years of service that the member elects to
2 purchase up to the maximum. Service shall not be credited if it
3 is or would be credited under any other federal, state, or local
4 publicly supported retirement system, but this restriction shall
5 not apply to those persons who have or will have acquired retire-
6 ment eligibility under the federal government for service in the
7 reserve. Armed service shall not be credited under this subsec-
8 tion until the member has accumulated the number of years of
9 credited service needed to vest in the retirement system. ~~Armed~~
10 ~~service under this subsection shall not be creditable to a member~~
11 ~~on deferred retirement status under section 20(4) before the~~
12 ~~effective date of this subsection.~~ For ~~purposes~~ THE PURPOSE of
13 computing payment under this subsection, the compensation amount
14 used shall not be less than the highest fiscal year compensation
15 previously received by the member. IF THE COMPENSATION AMOUNT
16 USED FOR COMPUTING PAYMENT UNDER THIS SUBSECTION EXCEEDS THE
17 MEMBER'S HIGHEST FISCAL YEAR COMPENSATION AT THE TIME OF RETIRE-
18 MENT, THE PAYMENT REQUIRED UNDER THIS SUBSECTION SHALL BE RECOM-
19 PUTED USING THE MEMBER'S FINAL AVERAGE COMPENSATION AND A REFUND
20 SHALL BE MADE BASED UPON THE RECOMPUTATION.

21 (3) A person who was in the employ of the Michigan employ-
22 ment service on January 1, 1942, the date on which the employment
23 service and its personnel were taken over by the United States
24 employment service, and who continued in the employ of the United
25 States employment service or who was temporarily taken out of the
26 United States employment service for service in the war manpower
27 commission or other government agency engaged in the prosecution

1 of the war and later returned to the United States employment
2 service, and whose service to the state, United States govern-
3 ment, and state again was continuous and who was in the employ
4 either of the United States employment service or of this state
5 on November 16, 1946, the date on which the employment service
6 was returned to the state, and who reentered state service on or
7 before that date, shall upon his OR HER reentry into the state
8 service become an original member of the retirement system, and
9 shall receive full service credit for the period during which the
10 personnel of the Michigan employment service was taken over by
11 the United States employment service.

12 (4) A person who entered into the employ of the Michigan
13 employment service while the employment service was under the
14 United States employment service and who retires after April 30,
15 1978, may receive service credit for the service under the United
16 States employment service by contributing to the retirement
17 system contributions the person would have made from July 1,
18 1943, to November 16, 1946, as if that service were rendered as a
19 state employee, plus the interest with which the contributions
20 would have been credited from the January following the year of
21 employment to the date of repayment. The salary on which contri-
22 butions are based shall be the salary received as a state
23 employee on November 16, 1946.

24 (5) A member who has prior service as defined in section
25 1(j) of this chapter is entitled to credit for that prior service
26 if at the time of retirement, the member has 15 or more years of
27 total service, of which the last 5 are continuous years of

1 service and if the member contributions equal the contributions
2 made or that would have been made for not less than 15 years of
3 membership service. In the computation of unpaid member contri-
4 butions, the contribution rate will be computed on the member's
5 salary level at retirement or date of payment, whichever first
6 occurs.

7 (6) A MEMBER WHO RETIRED BEFORE JANUARY 1, 1978, OR A MEMBER
8 ON DEFERRED RETIREMENT STATUS UNDER SECTION 20(4) BEFORE MAY 18,
9 1978, WHO DID NOT MEET THE REQUIREMENTS OF SUBSECTION (1), AND
10 WHO WAS DRAFTED, ENLISTED, INDUCTED, OR COMMISSIONED INTO ACTIVE
11 DUTY WITH THE MILITARY OR OTHER ARMED SERVICE OF THE UNITED
12 STATES GOVERNMENT MAY ELECT TO PURCHASE SERVICE CREDIT FOR NOT
13 MORE THAN 5 YEARS OF ACTIVE DUTY UPON REQUEST AND PAYMENT TO THE
14 RETIREMENT SYSTEM OF AN AMOUNT EQUAL TO 5% OF THE FINAL AVERAGE
15 SALARY OF THE RETIRANT OR DEFERRED VESTED MEMBER MULTIPLIED BY
16 THE NUMBER OF YEARS INCLUDING ANY FRACTION OF A YEAR OF SERVICE
17 THAT THE RETIRANT OR DEFERRED VESTED MEMBER ELECTS TO PURCHASE UP
18 TO THE MAXIMUM. THE RETIREMENT ALLOWANCE OF A RETIRANT ENTITLED
19 TO PURCHASE SERVICE CREDIT UNDER THIS SUBSECTION SHALL BE RECAL-
20 CULATED BASED UPON THE ADDITIONAL SERVICE CREDIT. THE RECALCU-
21 LATED RETIREMENT ALLOWANCE SHALL BE PAYABLE BEGINNING ON THE
22 FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH PAYMENT IS
23 RECEIVED BY THE RETIREMENT SYSTEM. SERVICE SHALL NOT BE CREDITED
24 UNDER THIS SUBSECTION IF THE SERVICE IS OR WOULD BE CREDITED
25 UNDER ANY OTHER FEDERAL, STATE, OR LOCAL PUBLICLY SUPPORTED
26 RETIREMENT SYSTEM. HOWEVER, THIS RESTRICTION DOES NOT APPLY TO
27 THOSE PERSONS WHO HAVE OR WILL HAVE ACQUIRED RETIREMENT

1 ELIGIBILITY UNDER THE FEDERAL GOVERNMENT FOR SERVICE IN THE
2 RESERVE.