

HOUSE BILL No. 4725

April 18, 1991, 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~~ THIS state, was or ~~who shall be~~ IS drafted
7 or enlisted into active military or other armed service of the
8 United States government during time of war, or a member who is
9 drafted or enlisted into active armed service during time of

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

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

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

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

1 the employ either of the United States employment service or of
2 this state on November 16, 1946, the date on which the employment
3 service was returned to ~~the~~ THIS state, and who reentered state
4 service on or before that date, ~~shall~~ upon his OR HER reentry
5 into ~~the~~ state service, SHALL become an original member of the
6 retirement system, and shall receive full service credit for the
7 period during which the personnel of the Michigan employment
8 service was taken over by the United States employment service.

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

21 (5) A member who has prior service ~~as defined in section~~
22 ~~+(j) of this chapter~~ is entitled to credit for that prior serv-
23 ice if at the time of retirement the member has 15 or more years
24 of total service, of which the last 5 are continuous years of
25 service and if the member contributions equal the contributions
26 made or that would have been made for not less than 15 years of
27 membership service. In the computation of unpaid member

1 contributions, the contribution rate will be computed on the
2 member's salary level at retirement or date of payment, whichever
3 first occurs.

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