

# HOUSE BILL No. 6098

September 17, 1992, Introduced by Reps. Ciaramitaro, Gubow, Martin, Perry Bullard, Brown, Barns, Hoffman and London and referred to the Committee on Judiciary.

A bill to establish a judges retirement system; to provide for the administration and maintenance of the retirement system; to create a retirement board; to prescribe the powers and duties of the retirement board; to establish certain reserves for the retirement system; to establish certain funds; to prescribe the powers and duties of certain state departments and certain state and local officials and employees; to prescribe penalties and provide remedies; and to repeal certain acts and parts of acts.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### ARTICLE I

1  
2       Sec. 101. This act shall be known and may be cited as "the  
3 judges retirement act of 1992".

4       Sec. 102. For the purposes of this act, the words and  
5 phrases defined in this article have the meanings ascribed to  
6 them in those sections.

1       Sec. 103. (1) "Accumulated contributions" means the balance  
2 standing to the member's credit in the reserve for member  
3 contributions. The balance includes member contributions and  
4 interest attributable to those contributions.

5       (2) "Active duty" means full-time duty in the armed forces  
6 other than active duty that is exclusively for training  
7 purposes.

8       (3) "Actuarial cost" means an amount that a member shall  
9 pay, except as otherwise specifically provided in this act, to  
10 purchase additional service credit under this act. Actuarial  
11 cost is determined and calculated as provided in section 215.

12       (4) "Actuarial funding requirement" means the sum of the  
13 contribution rates determined in section 301(2) and (3) multi-  
14 plied by the aggregate annual compensation of active members.

15       (5) "Actuary" means the actuary of the retirement system as  
16 provided in section 205.

17       (6) "Aggregate annual compensation" means the sum of all  
18 compensation, as defined in section 104(1), paid annually to  
19 active members.

20       (7) "Armed forces" means the United States army, navy,  
21 marine corps, air force, and coast guard, including the reserve  
22 components.

23       Sec. 104. (1) "Compensation" means 1 of the following:

24       (a) For a plan 1 member or plan 2 member, the salary paid by  
25 this state.

26       (b) For a plan 3 member, the salary paid by this state,  
27 except that for a plan 3 member who is a judge of the recorder's

1 court of the city of Detroit, compensation means an amount equal  
2 to the salary paid by this state to a judge of the circuit court  
3 and for a plan 3 member who is a judge of the probate court, com-  
4 pensation means an amount equal to the salary paid by this state  
5 to a judge of the district court. In addition, compensation for  
6 a plan 3 member includes salary standardization payments con-  
7 verted as an addition to the state base salary as provided by  
8 section 504, if any.

9 (c) For a plan 4 member, the total judicial salary payable  
10 from all sources.

11 (d) For a plan 5 member, the total salary paid by this state,  
12 and the district control unit of the district court in the  
13 thirty-sixth district.

14 (e) For a plan 6 or 7 member, the salary approved by the  
15 county board of commissioners and includes salary standardization  
16 payments made to the member by the county.

17 (2) "County retirement plan" means a county retirement plan  
18 established under section 12a of Act No. 156 of the Public Acts  
19 of 1851, being section 46.12a of the Michigan Compiled Laws.

20 (3) "Court fees" means a court filing fee or costs earmarked  
21 for the retirement system and collected by a county clerk, clerk  
22 of the circuit court, or clerk of the district court pursuant to  
23 sections 880, 2528, 2529, 5756, 8371, 8381, and 8420 of the  
24 revised judicature act of 1961, Act No. 236 of the Public Acts of  
25 1961, being sections 600.880, 600.2528, 600.2529, 600.5756,  
26 600.8371, 600.8381, and 600.8420 of the Michigan Compiled Laws.

1 (4) "Credited service" means all of the following:

2 (a) Service credited to a member under this act, the former  
3 judges retirement system, and the former probate judges retire-  
4 ment system.

5 (b) Other public service purchased under section 403.

6 (c) Service purchased under section 404.

7 (5) "Department" means the department of management and  
8 budget.

9 (6) "District control unit" means district control unit as  
10 defined in section 8104 of the revised judicature act of 1961,  
11 Act No. 236 of the Public Acts of 1961, being section 600.8104 of  
12 the Michigan Compiled Laws.

13 Sec. 105. (1) "Executive secretary" means the executive  
14 secretary of the retirement system as provided in section 205.

15 (2) Except as otherwise provided in this subsection, "final  
16 compensation" means the annual rate of compensation for the cal-  
17 endar year of retirement. For a member who retires on January 1,  
18 final compensation means the annual rate of compensation for the  
19 calendar year immediately preceding the date of retirement.

20 Final compensation does not include an amount that exceeds the  
21 maximum salary set forth for that particular member or vested  
22 former member in the revised judicature act, if applicable. For  
23 a member who is a judge and who performs judicial duties for a  
24 limited period or a specific assignment as authorized by the  
25 supreme court pursuant to section 23 of article VI of the state  
26 constitution of 1963, final compensation means the annual rate of

1 compensation the member was being paid at the termination of his  
2 or her tenure in office as an elected judge.

3 (3) "Former elected official" means a member who held a  
4 state elective office before membership in this retirement  
5 system, the former judges retirement system, or the former pro-  
6 bate judges retirement system.

7 (4) "Former judges retirement system" means the state of  
8 Michigan judges' retirement system created by former Act No. 198  
9 of the Public Acts of 1951.

10 (5) "Former probate judges retirement system" means the  
11 state of Michigan probate judges retirement system created by  
12 former Act No. 165 of the Public Acts of 1954.

13 Sec. 106. (1) "Interest" means the rate or rates of inter-  
14 est per annum, compounded annually, as determined by the retire-  
15 ment board.

16 (2) "Judge" means a duly elected or appointed justice of the  
17 supreme court, judge of the court of appeals, judge of the cir-  
18 cuit court, judge of the district court, judge of the probate  
19 court, or judge of the recorder's court of the city of Detroit.

20 (3) "Medical adviser" means the medical adviser of the  
21 retirement system as provided in section 205.

22 (4) "Member" means a judge or state official who is included  
23 in the membership of the retirement system as provided in section  
24 401.

25 (5) "Membership service" means service performed as a member  
26 under this act or under the former judges retirement system or  
27 former probate judges retirement system.

1       Sec. 107. (1) "Option A beneficiary" means the retirement  
2 allowance beneficiary designated by the member under section  
3 506(1)(a).

4       (2) "Option B beneficiary" means the retirement allowance  
5 beneficiary designated by the member under section 506(1)(b).

6       (3) "Other public service" means any of the following serv-  
7 ices performed within this state by a member:

8       (a) Service as a former elected official who received an  
9 annual state salary for service performed in that office.

10      (b) Service as a municipal judge.

11      (c) Service as a justice of the peace in a governmental  
12 unit.

13      (d) Service as a referee of the traffic division of the  
14 recorder's court of the city of Detroit, but not to exceed more  
15 than 3 years of service.

16      (e) Service as a judge under the former judges retirement  
17 system or former probate judges retirement system if the member  
18 has not received credit for the service under this act.

19      (f) For a state official, state service.

20       Sec. 108. (1) "Plan 1 member" means a member or vested  
21 former member who is or was the governor, lieutenant governor,  
22 secretary of state, attorney general, or legislative auditor  
23 general.

24      (2) "Plan 2 member" means a member or vested former member  
25 who is or was the constitutional court administrator, a justice  
26 of the supreme court, or a judge of the court of appeals.

1       (3) "Plan 3 member" means a member or vested former member  
2 who is or was a judge of the circuit court, judge of the  
3 recorder's court of the city of Detroit, judge of the district  
4 court, except a judge of the thirty-sixth district described in  
5 subsection (8), or a judge of the probate court, except a judge  
6 of the probate court described in subsection (7), (9), or (10).

7       (4) "Plan 3a member" means a member or vested former member  
8 described in subsection (3) who does not convert any of the  
9 salary standardization payment under section 504 or sections 14a  
10 and 14c of former Act No. 198 of the Public Acts of 1951.

11       (5) "Plan 3b member" means a member or vested former member  
12 described in subsection (3) who converts \$2,250.00 of the salary  
13 standardization payment under section 504(1) or section 14a of  
14 former Act No. 198 of the Public Acts of 1951.

15       (6) "Plan 3c member" means a member or vested former member  
16 described in subsection (3) who converts the balance of the  
17 salary standardization payment under section 504(2) or  
18 section 14c of former Act No. 198 of the Public Acts of 1951.

19       (7) "Plan 4 member" means a member or vested former member  
20 who is or was a judge of the probate court serving in a single  
21 county of less than 15,000 population.

22       (8) "Plan 5 member" means a member or vested former member  
23 who is or was a judge of the district court in the thirty-sixth  
24 district.

25       (9) "Plan 6 member" means a member who on the day before the  
26 effective date of this act was a member or vested former member  
27 of the former probate judges retirement system, who may be a

1 member of a county retirement plan, and who is under the 3%  
2 benefit formula provided by section 16(1)(a), (b), and (c) of  
3 former Act No. 165 of the Public Acts of 1954.

4 (10) "Plan 7 member" means a member who on the day before  
5 the effective date of this act was a member or vested former  
6 member of the former probate judges retirement system, who is not  
7 a member of a county retirement plan, and who is under the 3.5%  
8 benefit formula provided by section 16(1)(d) of former Act  
9 No. 165 of the Public Acts of 1954.

10 Sec. 109. (1) "Refund beneficiary" means 1 or more persons  
11 whom the member, vested former member, or retirant nominates  
12 under section 405 for the purpose of being paid accumulated con-  
13 tributions in the event of the death of the member, vested former  
14 member, or retirant if a retirement allowance is not payable to a  
15 retirement allowance beneficiary.

16 (2) "Reporting unit" means the unit of government responsi-  
17 ble for reporting a member's compensation, contributions, and  
18 other information required by the retirement system. Reporting  
19 unit includes, but is not limited to, the state court  
20 administrator's office, the supreme court finance office, a  
21 county, a city, a district control unit, a local unit of govern-  
22 ment retirement plan, and a department of this state.

23 (3) "Retirant" means a member who retired with a retirement  
24 allowance payable from the reserves of the retirement system  
25 under this act, the former judges retirement system, or the  
26 former probate judges retirement system.



1       (4) "Retirement allowance" means a series of monthly  
2 payments to a retirant or retirement allowance beneficiary from  
3 the reserves of the retirement system.

4       (5) "Retirement allowance beneficiary" means a person who is  
5 being paid a retirement allowance from the reserves of the  
6 retirement system because of the death of a member, vested former  
7 member, or retirant under this act, the former judges retirement  
8 system, or the former probate judges retirement system.

9       (6) "Retirement board" means the Michigan judges retirement  
10 board created by section 202.

11       (7) "Retirement system" means the Michigan judges retirement  
12 system created by section 201.

13       (8) "Revised judicature act" means the revised judicature  
14 act of 1961, Act No. 236 of the Public Acts of 1961, being sec-  
15 tions 600.101 to 600.9947 of the Michigan Compiled Laws.

16       Sec. 110. (1) "Salary standardization payment" means the  
17 amount of money payable by this state to a county, a city, or a  
18 district control unit for supplemental salary paid to a judge, a  
19 portion of which a plan 3 member may convert under section 504 as  
20 additional compensation for the purpose of calculating a retire-  
21 ment allowance under this act.

22       (2) "Service" means service performed as a member of this  
23 retirement system, the former judges retirement system, the  
24 former probate judges retirement system, and other service pur-  
25 chased under sections 403 and 404.

26       (3) "State service" means service performed as a state  
27 employee that is creditable under the state employees' retirement

1 act, Act No. 240 of the Public Acts of 1943, being sections 38.1  
2 to 38.48 of the Michigan Compiled Laws.

3 (4) "State official" means the governor, lieutenant gover-  
4 nor, secretary of state, attorney general, legislative auditor  
5 general, and constitutional court administrator.

6 Sec. 111. "Vested former member" means a member who is  
7 entitled to a deferred vested service retirement allowance under  
8 section 502.

9 ARTICLE II

10 Sec. 201. The Michigan judges retirement system is created  
11 for judges and state officials.

12 Sec. 202. (1) The Michigan judges retirement board is cre-  
13 ated in the department. Except as provided in subsection (3),  
14 the retirement board consists of the following 5 retirement board  
15 members:

16 (a) The state treasurer.

17 (b) The attorney general.

18 (c) The deputy legislative auditor general.

19 (d) Two members appointed by the governor with the advice  
20 and consent of the senate.

21 (2) Except as otherwise provided in this section, the term  
22 of office of appointed retirement board members is 4 years. If a  
23 vacancy occurs in the office of an appointed retirement board  
24 member, the governor, with the advice and consent of the senate,  
25 shall appoint a retirement board member for the remainder of the  
26 unexpired term. A retirement board member shall continue to hold

1 office after the expiration of his or her term of office until a  
2 successor is appointed and is qualified.

3 (3) An appointed retirement board member serving on the  
4 retirement board created under the former judges retirement  
5 system or the former probate judges retirement system on the day  
6 before the effective date of this act shall serve on the retire-  
7 ment board under this act for the remainder of his or her term or  
8 until the appointed retirement board member vacates his or her  
9 seat on the retirement board, whichever occurs first. The gover-  
10 nor shall not appoint a retirement board member to fill a vacancy  
11 under this subsection.

12 (4) The legislature shall annually establish the per diem  
13 compensation of the appointed retirement board members and the  
14 schedule for reimbursement of expenses incurred by a retirement  
15 board member to attend meetings of the retirement board and to  
16 perform services required by the retirement board.

17 Sec. 203. (1) Each appointed retirement board member,  
18 before assuming office, shall take an oath of office. An  
19 appointed retirement board member shall immediately file the oath  
20 of office with the secretary of state. A retirement board member  
21 is a trustee of the retirement system.

22 (2) A majority of the retirement board constitutes a quorum  
23 for the transaction of business at a meeting of the retirement  
24 board. An appointed retirement board member who fails to attend  
25 2 consecutive, regularly scheduled meetings of the retirement  
26 board and whose absence is not excused by the retirement board is  
27 considered to have resigned from retirement board membership.

1 The retirement board shall declare the appointed retirement board  
2 member's office vacated as of the date of adoption of a proper  
3 resolution.

4 (3) The retirement board shall elect from its membership a  
5 chairperson and vice chairperson. The chairperson and vice  
6 chairperson of the retirement board shall take office immediately  
7 upon election and serve until a successor is elected.

8 Sec. 204. (1) The retirement board has the rights, authori-  
9 ty, and discretion in the proper discharge of retirement board  
10 duties pursuant to the executive organization act of 1965, Act  
11 No. 380 of the Public Acts of 1965, being sections 16.101 to  
12 16.608 of the Michigan Compiled Laws.

13 (2) The retirement board may promulgate rules pursuant to  
14 the administrative procedures act of 1969, Act No. 306 of the  
15 Public Acts of 1969, being sections 24.201 to 24.328 of the  
16 Michigan Compiled Laws, for the implementation and administration  
17 of this act.

18 (3) The retirement board shall conduct its business at a  
19 public meeting of the retirement board held in compliance with  
20 the open meetings act, Act No. 267 of the Public Acts of 1976,  
21 being sections 15.261 to 15.275 of the Michigan Compiled Laws.  
22 The retirement board shall give public notice of a time, date,  
23 and place of a meeting of the retirement board in the manner  
24 required by Act No. 267 of the Public Acts of 1976.

25 (4) The retirement board shall make a writing prepared,  
26 owned, used, in the possession of, or retained by the retirement  
27 board in the performance of an official function available to the

1 public in compliance with the freedom of information act, Act  
2 No. 442 of the Public Acts of 1976, being sections 15.231 to  
3 15.246 of the Michigan Compiled Laws.

4       Sec. 205. The department shall be responsible for the bud-  
5 geting, procurement, and related management functions of the  
6 retirement system. The director of the bureau of retirement sys-  
7 tems in the department is the executive secretary of the retire-  
8 ment system. The executive secretary, with department approval,  
9 shall employ the services of an actuary and, subject to rules of  
10 the civil service commission, shall employ medical advisers,  
11 clerical, technical, and administrative employees the executive  
12 secretary considers necessary for the proper operation of the  
13 retirement system.

14       Sec. 206. (1) The state treasurer is the treasurer of the  
15 retirement system. The state treasurer has investment authority,  
16 including the custodianship of the funds of the retirement  
17 system, and has fiduciary responsibility with regard to the  
18 investment of funds of the retirement system. The state trea-  
19 surer shall invest the funds of the retirement system in compli-  
20 ance with Act No. 314 of the Public Acts of 1965, being sections  
21 38.1132 to 38.1140i of the Michigan Compiled Laws.

22       (2) The state treasurer shall deposit the funds of the  
23 retirement system in the same manner and subject to the laws gov-  
24 erning the deposit of state funds by the state treasurer. The  
25 state treasurer shall credit income earned by the retirement  
26 system's reserves to the respective reserves under this act that  
27 earn the income as provided in section 213.

1       Sec. 207. The attorney general is the legal adviser to the  
2 retirement board and shall act as the retirement board's  
3 attorney. The attorney general shall represent the retirement  
4 board in all litigation to which the retirement board is a  
5 party.

6       Sec. 208. The retirement system shall draw its warrants  
7 upon the state treasury, payable out of funds of the retirement  
8 system, for the payment of retirement allowances, accumulated  
9 contributions, and the payment of salaries and other expenses  
10 necessary in the administration of the retirement system.

11      Sec. 209. The retirement system shall prepare an annual  
12 report for each fiscal year. The annual report shall contain  
13 information regarding the financial, actuarial, and other activi-  
14 ties of the retirement system during the fiscal year. The  
15 retirement system shall furnish a copy of the annual report to  
16 the governor, the legislature, each retirant, and each retirement  
17 allowance beneficiary, and to a member, vested former member, or  
18 any other person upon request.

19      Sec. 210. The reserve for member contributions is created.  
20 The retirement system shall deposit contributions from the com-  
21 pensation of members, and other member payments as provided in  
22 this act, except member contributions for health benefits as pro-  
23 vided in section 305, in the reserve for member contributions.  
24 The retirement system shall provide for the maintenance of an  
25 individual account for each member showing the amount of the  
26 member's accumulated contributions. Except as provided in  
27 section 212, the retirement system shall pay accumulated

1 contributions as provided in this act from the reserve for member  
2 contributions. If a person ceases to be a member, any unclaimed  
3 balance of accumulated contributions remain in the reserve for  
4 member contributions. If a member's accumulated contributions  
5 are forfeited by the member, as provided in this act, the retire-  
6 ment system shall transfer the forfeited accumulated contribu-  
7 tions from the reserve for member contributions to the reserve  
8 for investment income. Upon the retirement of a member, the  
9 retirement system shall transfer the accumulated contributions of  
10 the member from the reserve for member contributions to the  
11 reserve for retirement benefits.

12       Sec. 211. The reserve for employer contributions is  
13 created. The retirement system shall credit to the reserve for  
14 employer contributions all court fees, late fees, and interest  
15 payments received pursuant to section 304; state appropriations  
16 received pursuant to section 302; and employer contributions  
17 received under section 303. The retirement system shall credit  
18 to the reserve for employer contributions any residual balance  
19 remaining in the reserve for investment income after crediting  
20 interest to the reserves created by this act and after satisfying  
21 any other requirements under this act. The retirement system  
22 shall transfer money into or out of the reserve for employer con-  
23 tributions as provided in section 212.

24       Sec. 212. The reserve for retirement benefits is created.  
25 The retirement system shall pay all retirement allowances and  
26 residual accumulated contributions of deceased retirees from the  
27 reserve for retirement benefits. The retirement system shall

1 credit to the reserve for retirement benefits a member's  
2 accumulated contributions at the time of retirement as provided  
3 in section 210. Each year following receipt of the annual actu-  
4 arial valuation, the retirement system shall bring the balance in  
5 the reserve for retirement benefits into balance with the actuar-  
6 ial present value of retirement allowances in payment status by a  
7 transfer to or from the reserve for employer contributions. The  
8 actuary shall take into account the pending transfer when prepar-  
9 ing the annual actuarial valuation.

10       Sec. 213. (1) The reserve for investment income is  
11 created. The state treasurer shall credit to the reserve for  
12 investment income all interest, dividends, and other income from  
13 the investment of retirement system assets. The retirement  
14 system shall credit to the reserve for investment income all  
15 gifts and bequests to the retirement system; all forfeited con-  
16 tributions received pursuant to section 210; a surplus in any  
17 reserve created by this act; and all other money for which there  
18 is no specific disposition provided.

19       (2) Except as otherwise provided in this subsection, the  
20 retirement system shall annually credit interest on the preceding  
21 year balances in the reserve for member contributions, reserve  
22 for employer contributions, the reserve for health benefits, and  
23 the reserve for retirement benefits. However, the retirement  
24 system shall begin to calculate interest on member contributions  
25 made within a calendar year on the first day of the calendar year  
26 following the contribution and shall credit the interest on  
27 member contributions at the end of the calendar year. The



1 retirement system shall charge the reserve for investment income  
2 the interest credited to the reserves under this subsection.

3 (3) The retirement system shall pay the expenses for the  
4 administration of the retirement system, exclusive of amounts  
5 payable as retirement allowances and other benefits provided in  
6 this act, from the reserve for investment income.

7 Sec. 214. The reserve for health benefits is created. The  
8 retirement system shall deposit into the reserve for health bene-  
9 fits the member contributions for health benefits required by  
10 section 305(1)(a). The retirement system shall disburse from the  
11 reserve for health benefits the premiums for hospital and  
12 medical-surgical and sick care benefits as required by section  
13 509.

14 Sec. 215. The retirement board and the department shall  
15 establish the method of determining the actuarial cost. The  
16 actuary shall calculate the actuarial cost based upon the product  
17 of the following elements:

18 (a) A percentage that when multiplied by a member's compen-  
19 sation results in the average actuarial present value of the  
20 additional benefits resulting from the crediting of 1 additional  
21 year of service. The percentage may vary because of the member's  
22 age, credited service, or plan member classification or the  
23 retirement allowance beneficiary's age.

24 (b) A member's compensation.

25 (c) The number of years and fraction of a year of service a  
26 member elects to purchase up to the maximum, if any.

1       Sec. 216. The retirement system shall comply with the  
2 reciprocal retirement act, Act No. 88 of the Public Acts of 1961,  
3 being sections 38.1101 to 38.1106 if a resolution electing to  
4 come under the provisions of Act No. 88 of the Public Acts of  
5 1961 is in effect.

6       Sec. 217. (1) A court fee fund is created in the state  
7 treasury. The state treasurer shall deposit into the court fee  
8 fund all money received from the executive secretary pursuant to  
9 section 304(4). The state treasurer shall disburse the money in  
10 the court fee fund for state financed trial courts. Any money  
11 remaining in the court fee fund at the end of the fiscal year  
12 shall remain in the court fee fund and shall not revert to the  
13 general fund.

14       (2) This section applies only if the department receives  
15 notification from the United States internal revenue service that  
16 this section will not cause the retirement system to be disquali-  
17 fied for tax purposes under the internal revenue code.

18                                   ARTICLE III

19       Sec. 301. (1) The retirement system shall direct the actu-  
20 ary to do all of the following:

21       (a) Determine the annual level percent of payroll contribu-  
22 tion rate to finance the benefits provided under this act by  
23 actuarial valuation pursuant to subsections (2) and (3), and upon  
24 the basis of the risk assumptions that the retirement board and  
25 the department adopt after consultation with the state treasurer  
26 and the actuary.

1 (b) Make an annual actuarial valuation of the retirement  
2 system in order to determine the actuarial condition of the  
3 retirement system and the required contribution to the retirement  
4 system.

5 (c) Make an annual actuarial gain-loss experience study of  
6 the retirement system in order to determine the financial effect  
7 of variations of actual retirement system experience from  
8 projected experience.

9 (2) The actuary shall compute the contribution rate for  
10 monthly benefits payable in the event of death of a member before  
11 retirement or the disability of a member using a terminal funding  
12 method of actuarial valuation.

13 (3) The actuary shall compute the contribution rate for ben-  
14 efits other than those described in subsection (2) using an indi-  
15 vidual projected benefit entry age normal actuarial cost method.  
16 The contribution rate for service that may be rendered in the  
17 current year, known as the normal cost contribution rate, is  
18 equal to the aggregate amount of individual entry age normal  
19 costs divided by 1% of the aggregate amount of active members'  
20 valuation compensation. The contribution rate for unfunded serv-  
21 ice rendered on or before the last day of the fiscal year, known  
22 as the unfunded actuarial accrued liability contribution rate, is  
23 equal to the aggregate amount of unfunded actuarial accrued  
24 liabilities divided by 1% of the actuarial present value over a  
25 period not to exceed 40 years of projected benefit compensation,  
26 where unfunded actuarial accrued liabilities are equal to the  
27 actuarial present value of benefits reduced by the actuarial

1 present value of future normal costs and the actuarial value of  
2 assets on the last day of the fiscal year.

3       Sec. 302. (1) Except as provided in subsection (4), the  
4 legislature shall annually appropriate to the retirement system  
5 the amount determined under subsection (2) in order to fund the  
6 retirement system on an estimated basis for the fiscal year for  
7 which the appropriation is made. The legislature shall annually  
8 appropriate to the retirement system the amount determined under  
9 subsection (3) in order to reconcile the estimated appropriation  
10 made in the previous fiscal year with the actual appropriation  
11 needed to adequately fund the retirement system for the previous  
12 fiscal year.

13       (2) The bureau of retirement systems in the department shall  
14 certify to the director of the department an amount equal to the  
15 difference between the estimated actuarial funding requirement  
16 for the next fiscal year and the sum of the estimated revenue to  
17 be received by the retirement system during the next fiscal year  
18 from employer contributions pursuant to section 303, court filing  
19 fees pursuant to section 304, and mandatory member contributions  
20 pursuant to section 305. The department shall submit the amount  
21 determined under this subsection in the executive budget to the  
22 legislature for appropriation in the next fiscal year.

23       (3) Not later than 60 days after the termination of each  
24 state fiscal year, the bureau of retirement systems shall certify  
25 to the director of the department the actual aggregate annual  
26 compensation paid to all active members during the preceding  
27 state fiscal year and the difference, if any, between the actual

1 actuarial funding requirement and the sum of the actual revenue  
2 received by the retirement system during the preceding fiscal  
3 year from the appropriation pursuant to subsection (2), employer  
4 contributions pursuant to section 303, court filing fees pursuant  
5 to section 304, and mandatory member contributions pursuant to  
6 section 305. The department shall submit the amount determined  
7 under this subsection in the executive budget to the legislature  
8 for appropriation in the next fiscal year.

9       (4) The legislature shall annually appropriate to the  
10 retirement system an amount equal to 3.5% of the aggregate annual  
11 compensation or the difference between the sum of the contribu-  
12 tion rates determined under section 301(2) and (3) multiplied by  
13 the aggregate annual compensation and the court fees deposited  
14 under section 304, whichever is greater. The department shall  
15 submit the amount determined under this subsection in the execu-  
16 tive budget to the legislature for appropriation in the next  
17 fiscal year. This subsection applies and subsection (2) does not  
18 apply only if the department receives notification from the  
19 United States internal revenue service that this subsection will  
20 not cause the retirement system to be disqualified for tax pur-  
21 poses under the internal revenue code.

22       Sec. 303. (1) The reporting unit for the district court in  
23 the thirty-sixth district shall contribute annually to the  
24 retirement system for each member who is a judge of the  
25 thirty-sixth district court an amount equal to the product of the  
26 total annual additional salary paid to the member pursuant to  
27 section 8202 of the revised judicature act of 1961, Act No. 236

1 of the Public Acts of 1961, being section 600.8202 of the  
2 Michigan Compiled Laws, and the annual level percent of payroll  
3 contribution rate determined under section 301. The supreme  
4 court shall subtract the figure calculated in this subsection  
5 from the salary standardization payment paid to the reporting  
6 unit for the thirty-sixth district, prorated on the basis of the  
7 frequency with which this state makes salary standardization pay-  
8 ments to the reporting unit.

9       (2) The reporting unit that pays a plan 3b member's or a  
10 plan 3c member's supplemental salary shall contribute annually to  
11 the retirement system an amount equal to the product of \$2,250.00  
12 of the state salary standardization payment and the annual level  
13 percent required to fund the retirement system. The supreme  
14 court shall subtract the figure calculated in this subsection  
15 from the salary standardization payment paid to the reporting  
16 unit that pays the judge's salary prorated on the basis of the  
17 frequency with which this state makes salary standardization pay-  
18 ments to the reporting unit that pays the judge's supplemental  
19 salary.

20       Sec. 304. (1) Except as provided in subsection (4), the  
21 retirement system shall transmit all court fees received by the  
22 executive secretary and all late fees and interest payments  
23 received under this section to the state treasurer for deposit in  
24 the reserve for employer contributions.

25       (2) The retirement board may periodically establish a late  
26 fee and interest rate for all court fees that are not submitted  
27 to the executive secretary as prescribed in subsection (3). The

1 retirement board shall establish a late fee of \$50.00 or more and  
2 an interest rate of 12% or more per year for a late transmittal  
3 of court fees.

4 (3) If the county treasurer, clerk of the circuit court, or  
5 clerk of the district court fails to transmit to the executive  
6 secretary all court fees by the twentieth day of the month fol-  
7 lowing the month in which they are collected under the revised  
8 judicature act, the retirement system shall assess a late fee for  
9 each late transmittal and an interest payment for each day the  
10 transmittal is late. Upon written notice from the executive sec-  
11 retary to the director of the supreme court finance office, the  
12 state treasurer shall withhold payment of the amount due under  
13 this section for late court fees, late fees, and interest pay-  
14 ments from the salary standardization payment payable to a county  
15 or district control unit that fails to make timely court fee  
16 transmittals as required by this section.

17 (4) When the retirement system determines that the amount of  
18 court fees deposited into the reserve for employer contributions  
19 under subsection (1) equals the amount needed in addition to  
20 other publicly financed contributions to sustain the required  
21 level of publicly financed contributions, based upon the most  
22 recent actuarial valuation available at the beginning of the  
23 applicable fiscal year, the executive secretary shall transmit to  
24 the state treasurer the remainder of the court fees received  
25 during the fiscal year for deposit into the court fee fund cre-  
26 ated by section 217. This subsection applies only if the  
27 department receives notification from the United States internal

1 revenue service that this subsection will not cause the  
2 retirement system to be disqualified for tax purposes under the  
3 internal revenue code.

4       Sec. 305. (1) Each member, upon taking office and so long  
5 as he or she remains in office, shall make contributions to the  
6 retirement system according to the applicable plan member classi-  
7 fication as follows:

8       (a) A plan 1 member or a plan 2 member shall contribute 5%  
9 of the member's compensation. From this contribution, the  
10 retirement system shall deposit an amount equal to 1.5% of the  
11 member's compensation into the reserve for health benefits for  
12 hospital and medical-surgical and sick care benefits as provided  
13 in section 509.

14       (b) A plan 3a member, a plan 3b member, or a plan 5 member  
15 shall contribute 3.5% of the member's compensation.

16       (c) A plan 3c member, a plan 4 member, a plan 6 member, or a  
17 plan 7 member shall contribute 7% of the member's compensation.  
18 However, a plan 6 member shall not contribute more than \$980.00  
19 annually.

20       (2) The retirement board shall determine the manner in which  
21 member contributions are paid. Except as otherwise provided in  
22 this section, the retirement system shall credit member contribu-  
23 tions when received to the reserve for member contributions.

24       (3) Upon written notice from the executive secretary to the  
25 state court administrator, the state treasurer shall withhold  
26 payment of the amount due from the salary standardization payment  
27 payable to a county or district control unit for member



1 contributions that are not received by the retirement system  
2 within 60 days after the due date.

3       Sec. 306. (1) This state shall pick up member contributions  
4 required by section 305 for all compensation paid after  
5 December 31, 1982, for members who receive a salary paid by this  
6 state. Contributions picked up are treated as employer contribu-  
7 tions in determining tax treatment under the internal revenue  
8 code. Contributions picked up under this subsection are not  
9 included as gross taxable income of the member until disbursement  
10 from the retirement system. This state shall pay picked up  
11 member contributions from the same source of funds that is used  
12 for paying compensation to the member. This state shall pick up  
13 member contributions by either a reduction in the member's cash  
14 salary, an offset against a future salary increase, or a combina-  
15 tion of a reduction in cash salary and an offset against a future  
16 salary increase. Member contributions picked up are treated for  
17 all purposes in the same manner and to the same extent as member  
18 contributions made on or before December 31, 1982.

19       (2) The employer of a member who is a judge of the  
20 recorder's court of the city of Detroit, of the district court in  
21 the thirty-sixth district, or of the probate court, by resolution  
22 or other enabling act of the governing body, may pick up the con-  
23 tributions required by section 305 for all compensation paid  
24 after December 31, 1982, and reported to the retirement system.  
25 If the employer does not pick up the contributions, the employer  
26 shall continue to deduct the amount that could have been picked  
27 up under this subsection from the member's compensation.

1 Contributions picked up are treated as employer contributions in  
2 determining tax treatment under the internal revenue code.  
3 Contributions picked up under this subsection are not included as  
4 gross taxable income of the member until disbursement from the  
5 retirement system. The employer shall pay member contributions  
6 picked up by the employer from the same source of funds that is  
7 used for paying compensation to the member. The employer may  
8 pick up these contributions by either a reduction in the member's  
9 cash salary, an offset against a future salary increase, or a  
10 combination of a reduction in cash salary and an offset against a  
11 future salary increase. Member contributions picked up are  
12 treated for all purposes in the same manner and to the same  
13 extent as member contributions made before the date picked up.

14       Sec. 307. Upon the separation from service by a member or  
15 upon the death of a retirant, a retirement allowance beneficiary,  
16 or a refund beneficiary, any unclaimed retirement allowance or  
17 other money otherwise payable on account of the separation or  
18 death remains a part of the reserve in which it is deposited  
19 until claimed by the separated member, retirement allowance bene-  
20 ficiary, refund beneficiary, or the estate or legal representa-  
21 tive of a separated member, retirement allowance beneficiary, or  
22 refund beneficiary.

23       Sec. 308. (1) The right of a person to a retirement allow-  
24 ance, to the return of accumulated contributions, to the retire-  
25 ment allowance itself, to an optional benefit, to any other right  
26 accrued or accruing to any member or beneficiary under this act,  
27 and to the money belonging to the retirement system is

1 unassignable and is not subject to execution, garnishment,  
2 attachment, the operation of bankruptcy or insolvency law, or any  
3 other process of law, except as otherwise provided in this act.

4       (2) The right of a member, vested former member, or a retir-  
5 ant to a retirement allowance, to a deferred vested service  
6 retirement allowance, to the return of accumulated contributions,  
7 to the retirement allowance itself, to any optional benefit, or  
8 to any other benefit under this act is subject to award by a  
9 court pursuant to section 18 of chapter 84 of the Revised  
10 Statutes of 1846, being section 552.18 of the Michigan Compiled  
11 Laws, and to any other order of a court pertaining to alimony or  
12 child support. The right of a member, vested former member, or a  
13 retirant to a retirement allowance, to a deferred vested service  
14 retirement allowance, to the return of accumulated contributions,  
15 to the retirement allowance itself, to any optional benefit, or  
16 to any other benefit under this act is subject to an eligible  
17 domestic relations order under the eligible domestic relations  
18 order act, Act No. 46 of the Public Acts of 1991, being  
19 sections 38.1701 to 38.1711 of the Michigan Compiled Laws.

20       (3) If an award or order described in subsection (2)  
21 requires the retirement system to withhold payment of a retire-  
22 ment allowance, deferred vested service retirement allowance,  
23 accumulated contributions, or other benefit from the person to  
24 whom it is due or requires the retirement system to make payment  
25 or requires the person to request that the retirement system make  
26 payment of a retirement allowance, deferred vested service  
27 retirement allowance, accumulated contributions, or other

1 benefit, for the purpose of meeting the person's obligations to a  
2 spouse, former spouse, or child, as provided in subsection (2),  
3 the withholding or payment provisions of the award or order is  
4 effective only against those amounts as they become payable to  
5 the person receiving a retirement allowance unless otherwise pro-  
6 vided in an eligible domestic relations order under Act No. 46 of  
7 the Public Acts of 1991. The limitation contained in this sub-  
8 section does not apply to the accumulated contributions of a  
9 person who has terminated employment and who is not a vested  
10 former member.

11 (4) The retirement system may offset retirement benefits or  
12 refunds payable under this act against amounts owed to the  
13 retirement system by a member, vested former member, retirant,  
14 retirement allowance beneficiary, or refund beneficiary.

15 (5) If the retirement system is required by the federal gov-  
16 ernment pursuant to a court order to transmit a part of a  
17 member's accumulated contributions to a federal agency, the serv-  
18 ice credit that is covered by the payment shall be forfeited in  
19 the same manner as if the employee had requested and been paid a  
20 refund of the member's most recent contributions.

21 ARTICLE IV

22 Sec. 401. (1) Each of the following is a member of the  
23 retirement system:

24 (a) A person who is duly elected or appointed as a judge or  
25 state official on or after the effective date of this act, unless  
26 within 30 days from taking office the judge or state official

1 files a written notice not to participate in the retirement  
2 system with the retirement system.

3 (b) A person who was a member of the former judges retire-  
4 ment system or former probate judges retirement system on the day  
5 before the effective date of this act and who remains a judge or  
6 state official on and after the effective date of this act.

7 (c) A person, other than a retirant, who is authorized by  
8 the supreme court to perform judicial duties for a limited period  
9 or a specific assignment pursuant to section 23 of article VI of  
10 the state constitution of 1963 and who performs at least 20 days  
11 of service in a 30-consecutive day period.

12 (2) A judge or state official who becomes a member under  
13 subsection (1)(a) shall complete a membership form furnished by  
14 the retirement system and shall forward the form to the retire-  
15 ment system within 30 days of taking office. A judge or state  
16 official, upon becoming a member, is considered to have agreed  
17 that in the event of adjudication of the member's mental incompe-  
18 tency, a guardian, if appointed, has the power and authority to  
19 complete and execute the necessary application forms to retire  
20 the member as provided in section 507. In all cases of doubt,  
21 the retirement board shall decide the membership status of a  
22 judge or state official.

23 (3) The membership of a judge or state official in the  
24 retirement system ceases when the member retires, when the mem-  
25 bers forfeits his or her membership under the provisions of  
26 section 507, at the end of the judicial term in which the member

1 who is a judge attains age 70, or upon ceasing to be a judge or  
2 state official unless the person is a vested former member.

3       Sec. 402. (1) The retirement board shall credit each member  
4 with the number of years and months of service for which the  
5 member performed service as a judge or state official. The  
6 retirement board shall credit service for the month in which the  
7 member's retirement becomes effective if the member retires from  
8 service before the end of the month and the member terminates his  
9 or her service after the fifteenth of the month. Except as pro-  
10 vided in subsection (4), the retirement board shall not credit  
11 service for any month for which a member receives less than 1  
12 month's salary. The retirement board shall not credit more than  
13 1/12 of a year of service for all service rendered in a  
14 30-consecutive day period. After a member who is a judge attains  
15 age 70, the retirement board shall not credit service after the  
16 end of the term in which the judge attains age 70.

17       (2) A member's credited service is forfeited at the time his  
18 or her membership terminates, except upon becoming a retirant or  
19 as provided in section 502.

20       (3) The retirement system shall reinstate credited service  
21 forfeited because of a break in membership in the member's serv-  
22 ice account if all of the following conditions are satisfied:

23       (a) The person, upon return to membership, acquires 6 months  
24 or more of credited service performed as a member of this retire-  
25 ment system subsequent to the break in service that caused the  
26 forfeiture.

1 (b) The member pays to the retirement system all accumulated  
2 contributions previously paid to the member, plus interest from  
3 the date of payment to the member to the date of repayment to the  
4 retirement system.

5 (4) Except as provided in this subsection and subject to the  
6 requirements of this subsection, the retirement system shall  
7 grant credited service to the same extent as provided in subsec-  
8 tion (1) to a member who is serving as a judge for a limited  
9 period or a specific assignment as authorized by the supreme  
10 court pursuant to section 23 of article VI of the state constitu-  
11 tion of 1963. The retirement system shall grant 1/12 of a year  
12 of credited service for a 30-consecutive day period in which a  
13 member described in this subsection performs service and receives  
14 a salary under the following circumstances:

15 (a) The member performs service for at least 20 days in the  
16 30-consecutive day period.

17 (b) The member receives a salary that is not less than the  
18 pro rata of the state base salary for the court in which the  
19 service is performed.

20 Sec. 403. (1) A member who has 4 or more years of member-  
21 ship service may elect to purchase service credit for other  
22 public service by filing a request with the retirement system.  
23 The member shall provide documentation of the other public serv-  
24 ice and shall pay into the reserve for member contributions the  
25 actuarial cost. The member shall relinquish for himself or her-  
26 self and his or her beneficiaries all rights in and to a pension

1 or annuity payable from another retirement system for the same  
2 period of service purchased under this section.

3 (2) The retirement system shall calculate the amount of  
4 service credit for other public service under subsection (1) on  
5 the same basis as provided in section 402(1).

6 Sec. 404. (1) A member who has 12 or more years of credited  
7 service may elect to purchase not more than 2 years of service  
8 credit for active duty by filing a request with the retirement  
9 system. The member shall provide documentation of the active  
10 duty and shall pay into the reserve for member contributions an  
11 amount equal to 5% of the member's annualized rate of compensa-  
12 tion at the time payment is made multiplied by the number of  
13 years and months of active duty service that the member elects to  
14 purchase up to the maximum. The member shall relinquish for him-  
15 self or herself and his or her beneficiaries all rights in and to  
16 a pension or annuity payable from another retirement system for  
17 the same period of service purchased under this section.

18 (2) The retirement system shall calculate the amount of  
19 service credit for active duty under subsection (1) on the same  
20 basis as provided in section 402(1).

21 Sec. 405. (1) Except as otherwise provided in this act, if  
22 a person ceases to be a member before satisfying the age and  
23 service requirements for a retirement allowance under section  
24 501, the retirement system shall pay to the person his or her  
25 accumulated contributions upon request.

26 (2) If a member dies and a retirement allowance is not or  
27 will not become payable on account of the member's death, the



1 retirement system shall pay the deceased member's accumulated  
2 contributions at the time of death to the refund beneficiary. If  
3 a refund beneficiary is not nominated or the refund beneficiary  
4 fails to survive the deceased member, the retirement system shall  
5 pay the deceased member's accumulated contributions to the  
6 deceased member's estate or legal representative.

7       (3) If a retirant and his or her option A beneficiary,  
8 option B beneficiary, or spouse, if applicable, dies before an  
9 aggregate amount of retirement allowance equal to the deceased  
10 retirant's accumulated contributions at the time of retirement  
11 has been paid, the retirement system shall pay the difference  
12 between the deceased retirant's accumulated contributions and the  
13 aggregate amount of retirement allowance paid to the deceased  
14 retirant's refund beneficiary. If a refund beneficiary is not  
15 nominated or the refund beneficiary fails to survive the retirant  
16 and his or her option A beneficiary, option B beneficiary, or  
17 spouse, the retirement system shall pay the difference to the  
18 estate or legal representative of the last to die of the retirant,  
19 or his or her option A beneficiary, option B beneficiary, or  
20 spouse.

21       (4) A judge or state official who becomes a member under  
22 section 401(1)(a) may nominate a refund beneficiary in the mem-  
23 bership form under section 401 or a member, vested former member,  
24 or retirant may nominate a refund beneficiary in a nominating  
25 form furnished by the retirement system. A member, vested former  
26 member, or retirant shall file the nominating form with the  
27 retirement system, which form is not valid until received by the

1 retirement system. The member or retirant may nominate a  
2 different refund beneficiary by delivering a new nominating form  
3 to the retirement system. The retirement system shall disregard  
4 the nomination of a refund beneficiary in the membership form and  
5 all nominating forms previously filed by a member or retirant  
6 upon receipt of a more recent nominating form under this  
7 subsection.

8       Sec. 406. (1) If a retirant is authorized by the supreme  
9 court to perform judicial duties for a limited period or a spe-  
10 cific assignment pursuant to section 23 of article VI of the  
11 state constitution of 1963, the retirement system shall continue  
12 payment of his or her retirement allowance without change in  
13 amount or conditions. A retirant is not a member during the  
14 period he or she performs judicial duties for a limited period or  
15 a specific assignment as authorized by the supreme court pursuant  
16 to section 23 of article VI of the state constitution of 1963.

17       (2) If a retirant is elected or appointed by the governor as  
18 a judge or state official, the retirement system shall suspend  
19 payment of the retirant's retirement allowance during the period  
20 he or she remains in office. The retirement system shall base  
21 the suspension of benefits on 1/12 of the annual retirement bene-  
22 fit for each month the retirant serves in the office to which he  
23 or she was elected or appointed. A retirant who is again elected  
24 as a judge or state official is a member pursuant to section  
25 401. The retirement system shall recalculate the retirement  
26 allowance of a retirant who again becomes a member under this  
27 subsection if the member leaves office due to disability or

1 death, or if the member again retires after serving 1 full term  
2 or more in office. A retirement allowance recalculated pursuant  
3 to this subsection is subject to section 503. The retirement  
4 system shall begin payment of the recalculated retirement allow-  
5 ance under this subsection to a person who again retires effec-  
6 tive the first of the month following the month in which the  
7 person leaves office. If a retirant again becomes a member under  
8 this subsection but is not entitled to have his or her retirement  
9 allowance recalculated under this subsection, the retirement  
10 system shall begin payment of his or her retirement allowance  
11 without change in amount or conditions effective the first of the  
12 month following the month in which the person leaves office.

13 ARTICLE V

14 Sec. 501. (1) A member or vested former member who has 4 or  
15 more years of membership service and who meets 1 or more of the  
16 following requirements, except as otherwise provided in this sub-  
17 section, is entitled to a retirement allowance computed under  
18 section 503:

19 (a) The member or vested former member is 60 years of age or  
20 older and has 8 or more years of credited service.

21 (b) The member or vested former member is 55 years of age or  
22 older and has 18 or more years of credited service of which the  
23 last 6 years are continuous service.

24 (c) The member or vested former member has 25 or more years  
25 of credited service of which the last 6 years are continuous  
26 service.

1 (d) The member or vested former member is 55 years of age or  
2 older but less than 60 years of age and has 12 or more, but less  
3 than 18, years of credited service, of which the last 6 years are  
4 continuous service. However, the retirement system shall per-  
5 manently reduce the retirement allowance calculated under section  
6 503 for a member who meets the requirements of this subdivision  
7 by the early retirement reduction percentage, which is 0.5% for  
8 each month, and fraction of a month, from the effective date of  
9 the member's retirement to the date of the member's sixtieth  
10 birthday.

11 (e) The member or vested former member is 60 years of age or  
12 older and has served 2 full terms in the office of governor,  
13 lieutenant governor, secretary of state, attorney general, or 1  
14 full term in the office of legislative auditor general.

15 (2) A member or vested former member who meets or will meet  
16 the requirements of subsection (1) may retire by filing a written  
17 application with the retirement system on a form furnished by the  
18 retirement system. The member or vested former member shall  
19 state a date in the application on which he or she wishes to  
20 retire that is on or after the date the member or vested former  
21 member meets the requirements under subsection (1) and that is 30  
22 days or more after the date the application is filed with the  
23 retirement system.

24 (3) The retirement system shall begin payment of the retire-  
25 ment allowance payable to a member or vested former member who  
26 retires under this section on the first day of the month after  
27 termination of service or the first day of the month that is 30

1 days or more after the application is filed with the retirement  
2 system, whichever is later. The retirement system shall pay a  
3 full month's retirement allowance for the month in which a retir-  
4 ant or retirement allowance beneficiary ceases to be eligible for  
5 continuation of benefits.

6       Sec. 502. A member who leaves office for a reason other  
7 than the member's retirement or death, who does not withdraw  
8 accumulated contributions, and who satisfies the service or term  
9 of office requirements of section 501(1) is a vested former  
10 member. Subject to section 501, a vested former member is enti-  
11 tled to a deferred vested service retirement allowance computed  
12 pursuant to section 503 or, if applicable, section 13a of former  
13 Act No. 198 of the Public Acts of 1951 or section 15 of former  
14 Act No. 165 of the Public Acts of 1954, as in effect at the time  
15 of termination of the vested former member's tenure in office.  
16 The vested former member shall forfeit his or her entitlement to  
17 a deferred vested service retirement allowance if the vested  
18 former member withdraws from the retirement system his or her  
19 accumulated contributions unless the service is reinstated as  
20 provided in section 402.

21       Sec. 503. (1) Upon retirement as provided in this act, the  
22 retirement system shall pay to the member or vested former member  
23 a straight life retirement allowance computed under subsection  
24 (2). If the member retires under the provisions of section  
25 501(1)(d), the retirement system shall reduce the straight life  
26 retirement allowance as provided in section 501(1)(d).

1       (2) The retirement system shall calculate the member's or  
2 vested former member's straight life retirement allowance  
3 pursuant to 1 of the following plan member classifications, as  
4 applicable:

5       (a) For a plan 1 member, the retirement allowance is 30% of  
6 the member's or vested former member's final compensation plus  
7 3-3/4% of the member's or vested former member's final compensa-  
8 tion multiplied by the number of years and fraction of a year of  
9 credited service in excess of 8 years of credited service but not  
10 more than 16 years of credited service. A retirant shall not  
11 receive a retirement allowance under this subdivision that  
12 exceeds 60% of his or her final compensation. A plan 1 member  
13 who was holding his or her respective office on July 12, 1978,  
14 may elect to receive a retirement allowance under this section  
15 for an amount equal to or less than the computed benefit or to  
16 receive a retirement allowance computed under the state  
17 employees' retirement system created by the state employees'  
18 retirement act, Act No. 240 of the Public Acts of 1943, being  
19 sections 38.1 to 38.48 of the Michigan Compiled Laws.

20       (b) For a plan 2 member, a plan 3 member, or a plan 4 member  
21 who has less than 12 years of credited service, the retirement  
22 allowance is 3% of the member's or vested former member's final  
23 compensation multiplied by the member's or vested former member's  
24 years and fraction of a year of credited service. For a plan 2  
25 member, a plan 3 member, or a plan 4 member who has 12 or more  
26 years of credited service, the retirement allowance is 50% of the  
27 member's or vested former member's final compensation plus 2.5%

1 of the member's or vested former member's final compensation  
2 multiplied by the number of years and fraction of a year of cred-  
3 ited service in excess of 12 years of credited service but not  
4 more than 16 years of credited service. A retirant shall not  
5 receive a retirement allowance under this subdivision that  
6 exceeds 60% of his or her final compensation.

7 (c) For a plan 5 member, the retirement allowance is equal  
8 to the amount computed under subdivision (b) minus the amount of  
9 the straight life retirement allowance the member would have been  
10 entitled to receive or will receive from another publicly sup-  
11 ported retirement plan as of August 31, 1981, based on the same  
12 judicial service accrued in the other publicly supported retire-  
13 ment plan as of August 31, 1981. The retirement system shall  
14 base the retirement allowance attributable to the same judicial  
15 service in another publicly supported retirement plan on service  
16 credit for service as a judge in that plan as a percent of total  
17 service credit in that plan.

18 (d) For a plan 6 member, the retirement allowance is 3% of  
19 the member's or vested former member's final compensation multi-  
20 plied by the number of years and fraction of a year of credited  
21 service. A retirant shall not receive a retirement allowance  
22 under this subdivision that exceeds \$15,000.00 or 40% of his or  
23 her final compensation, whichever is greater. A retirant shall  
24 not receive a retirement allowance under this subdivision that  
25 when added to a retirement benefit payable under a county retire-  
26 ment plan exceeds 66-2/3% of his or her final compensation.

1 (e) For a plan 7 member, the retirement allowance is equal  
2 to the amount computed under this subdivision. A retirant shall  
3 not receive a retirement allowance under this subdivision that  
4 exceeds  $66\frac{2}{3}\%$  of his or her final compensation. The retirement  
5 allowance under this subdivision equals the sum of the following,  
6 as applicable:

7 (i) 3.5% of the member's or vested former member's final  
8 compensation multiplied by the years and fraction of a year of  
9 service credited before January 1, 1983 for which the member or  
10 vested former member makes the 5% payment to the retirement  
11 system as provided in section 16(1)(d) of former Act No. 165 of  
12 the Public Acts of 1954, if any.

13 (ii) 3% of the member's or vested former member's final com-  
14 pensation multiplied by the years and fraction of a year of serv-  
15 ice credited before January 1, 1983 for which the 5% payment  
16 described in subdivision (i) is not made, but not to exceed 40%  
17 of the member's or vested former member's final compensation.

18 (iii) 3.5% of the member's or vested former member's final  
19 compensation multiplied by the years and fraction of a year of  
20 service credited after December 31, 1982.

21 (3) The retirement system shall pay a straight life retire-  
22 ment allowance to a retirant for his or her lifetime. Except as  
23 otherwise provided in section 508, the retirement system shall  
24 not make an additional retirement allowance payment upon the  
25 death of a retirant receiving a straight life retirement allow-  
26 ance other than the full month's retirement allowance payable for  
27 the month in which the retirant dies.



1 (4) At the time of retirement, a member or vested former  
2 member may elect to be paid an optional retirement allowance  
3 under an optional form of payment provided in section 506 in lieu  
4 of the straight life retirement allowance under this section.

5 Sec. 504. (1) Except as otherwise provided in this subsec-  
6 tion, a judge who is a plan 3 member shall convert \$2,250.00 of  
7 the state salary standardization payment annually prescribed by  
8 law for any state fiscal year beginning after September 30, 1981  
9 as an addition to the judge's state base salary for purposes of  
10 computation of a retirement allowance under this act. A judge  
11 who, within 30 days from taking office, files a written notice  
12 not to participate in the provisions of this subsection with the  
13 retirement system is exempt from this subsection. A judge who  
14 was serving on December 31, 1982 and who did not elect to convert  
15 \$2,250.00 of the state salary standardization payment under sec-  
16 tion 14a of former Act No. 198 of the Public Acts of 1951, is  
17 exempt from this section. For the purposes of the calculation of  
18 a judge's combined county, city, or district control unit retire-  
19 ment benefit, a judge who has not filed a written notice not to  
20 participate in the provisions of this subsection with the retire-  
21 ment system under this subsection or the former judges retirement  
22 system shall have the \$2,250.00 of the salary standardization  
23 payment subtracted from the final average compensation figure  
24 used to calculate the judge's county, city, or district control  
25 unit retirement benefit.

26 (2) Except as otherwise provided in this subsection, a judge  
27 who is a plan 3 member and who is not exempt from subsection (1)

1 shall convert the balance of the state salary standardization  
2 payment annually prescribed by law but which, when added to  
3 \$2,250.00, does not exceed 40% of the difference between the  
4 state base salary and the maximum statutory salary established by  
5 the revised judiciary act for any state fiscal year beginning  
6 after September 30, 1982 as an addition to the judge's state base  
7 salary for purposes of computation of a retirement allowance  
8 under this act. A judge who, before April 1, 1983, or within 30  
9 days from taking office, whichever is later, files a written  
10 notice not to participate in the provisions of this subsection  
11 with the retirement system is exempt from this subsection. For  
12 the purposes of the calculation of a judge's combined county,  
13 city, or district control unit retirement benefit, a judge who  
14 has not filed a written notice not to participate in the provi-  
15 sions of this subsection with the retirement system under this  
16 subsection or the former judges retirement system shall have the  
17 additional state salary standardization payment as an addition to  
18 the judge's state base salary for computation of a retirement  
19 allowance under this act subtracted from the final average com-  
20 pensation figure used to calculate the judge's county, city, or  
21 district control unit retirement benefit.

22       (3) The sum of the final compensation determined for each  
23 plan 3 member and the final average compensation figure used as  
24 the basis for determining the judge's retirement allowance as a  
25 member of a county retirement plan or a retirement system that  
26 was established pursuant to the municipal employees retirement  
27 act of 1984, Act No. 427 of the Public Acts of 1984, being

1 sections 38.1501 to 38.1557 of the Michigan Compiled Laws, or  
2 which is subject to Act No. 443 of the Public Acts of 1980, being  
3 sections 38.841 to 38.846 of the Michigan Compiled Laws, shall  
4 not exceed the judge's total annual salary payable from all  
5 sources at the time of his or her retirement.

6 (4) For purposes of subsections (1) and (2), the state base  
7 salary of a judge of the probate court who is a plan 3 member is  
8 equal to the salary paid by this state to a judge of the district  
9 court.

10 (5) The department or the reporting unit shall deduct the  
11 member's required contribution for participation in the provi-  
12 sions of subsections (1) and (2) from the member's compensation  
13 and shall transfer the contributions to the retirement system.

14 Sec. 505. For a member who is a judge and who is receiving  
15 a state-paid salary, the salary standardization payment is con-  
16 sidered wages for social security reporting purposes to the  
17 extent that a judge's state base salary is less than the social  
18 security maximum reportable wage for the calendar year. The  
19 department shall deduct the judge's employee contribution on the  
20 social security maximum reportable wage for the calendar year  
21 from the judge's salary paid by this state.

22 Sec. 506. (1) Upon application for retirement under this  
23 act, a member or vested former member who meets the requirements  
24 of section 501 may elect to receive a retirement allowance as a  
25 straight life retirement allowance or as an optional retirement  
26 allowance under 1 of the payment options provided in this  
27 section. The member or vested former member shall file a written

1 election with the retirement system before the effective date of  
2 the retirement allowance. If a member or vested former member  
3 fails to file a written election under this subsection, the  
4 member or vested former member is considered to have elected the  
5 straight life retirement allowance under section 503. The member  
6 or vested former member shall designate in the written election a  
7 retirement allowance beneficiary that shall be either the spouse,  
8 brother, sister, parent, or child, including an adopted child, of  
9 the member or vested former member. The amount of retirement  
10 allowance under options A and B are the actuarial equivalent of  
11 the amount of the straight life retirement allowance calculated  
12 under section 503. The options are as follows:

13       (a) Option A. The retirement system shall pay an optional  
14 retirement allowance to the retirant for life with the provision  
15 that upon the retirant's death, payment of the optional retire-  
16 ment allowance is continued throughout the lifetime of the  
17 retirement allowance beneficiary whom the member or vested former  
18 member designated in writing and filed with the retirement system  
19 at the time of election of the option.

20       (b) Option B. The retirement system shall pay an optional  
21 retirement allowance for life to the retirant with the provision  
22 that upon the retirant's death, payment of 1/2 of the optional  
23 retirement allowance is continued throughout the lifetime of the  
24 retirement allowance beneficiary whom the member or vested former  
25 member designated in writing and filed with the retirement system  
26 at the time of election of the option.

1       (2) Except as otherwise provided in this section, a retirant  
2 shall not change the election of a payment option or the  
3 designation of a retirement allowance beneficiary under subsec-  
4 tion (1) after the retirement allowance effective date. If a  
5 retirant who elected a payment option under subsection (1)(a) or  
6 (b) dies, the retirement system shall pay the optional retirement  
7 allowance to the option A beneficiary or option B beneficiary  
8 effective the first day of the month following the retirant's  
9 death. If the option A or option B beneficiary designated under  
10 this section is the surviving spouse of the deceased retirant,  
11 the surviving spouse may elect to receive a retirement allowance  
12 as provided in section 508 in lieu of the survivor portion of the  
13 optional form of payment elected by the retirant under this  
14 section.

15       (3) If the option A beneficiary or option B beneficiary pre-  
16 deceases the retirant, the retirant's benefit reverts to a  
17 straight life retirement allowance and the retirement system  
18 shall begin payment of the straight life retirement allowance to  
19 the retirant effective the first day of the month following the  
20 option A or option B beneficiary's death.

21       (4) The retirement system shall provide each member or  
22 vested former member who applies for retirement a written expla-  
23 nation of the optional forms of payment under this section before  
24 the member or vested former member retires.

25       (5) If a retirant receiving an optional retirement allowance  
26 under this section is divorced from the spouse who had been  
27 designated the option A or option B beneficiary, the retirement

1 system shall consider the election of the optional form of  
2 payment option under this section void if the judgment of divorce  
3 or award or order of the court, or an amended judgment of divorce  
4 or award or order of the court, described in section 308 and  
5 dated after June 27, 1991 provides that the election of the  
6 optional form of payment option under this section is to be con-  
7 sidered void by the retirement system and the retirant provides a  
8 certified copy of the judgment of divorce or award or order of  
9 the court, or an amended judgment of divorce or award or order of  
10 the court, to the retirement system. If the election of an  
11 optional form of payment under this section is considered void by  
12 the retirement system under this subsection, the retirant's  
13 retirement allowance shall revert to a straight life retirement  
14 allowance, including postretirement adjustments, if any, subject  
15 to an award or order of the court as described in section 308.  
16 The retirement allowance shall revert to a straight life retire-  
17 ment allowance under this subsection effective the first of the  
18 month after the date the retirement system receives a certified  
19 copy of the judgment of divorce or award or order of the court.  
20 This subsection does not supersede a judgment of divorce or award  
21 or order of the court in effect on June 27, 1991. This subsec-  
22 tion does not require the retirement system to distribute or pay  
23 retirement assets on behalf of a retirant in an amount that  
24 exceeds the actuarially determined amount that would otherwise  
25 become payable if a judgment of divorce had not been rendered.  
26       Sec. 507. (1) A member who has 8 or more years of credited  
27 service and who is physically or mentally totally disabled to

1 perform his or her duties is entitled to retire due to disability  
2 as provided in this section. A member who has 8 or more years of  
3 credited service agrees to submit himself or herself to a medical  
4 examination by or under the direction of the medical adviser as  
5 required by the retirement board under this subsection. Upon  
6 written application for retirement due to disability filed with  
7 the retirement system by the member, the chairperson of the judi-  
8 cial tenure commission, or the chief justice of the supreme  
9 court, the retirement board shall request that the member submit  
10 to a medical examination by or under the direction of the medical  
11 adviser.

12 (2) The medical adviser, after a medical examination of the  
13 member, shall determine if the member is physically or mentally  
14 totally disabled to perform his or her duties, if the incapacity  
15 is likely to be permanent, and if the member should be retired  
16 due to disability. The medical adviser shall file a written  
17 report of the medical adviser's findings and shall certify his or  
18 her determination to the retirement system. The retirement board  
19 shall notify the member of the medical adviser's determination  
20 under this subsection by registered mail sent to his or her last  
21 known residence address.

22 (3) The member, before the expiration of 30 days after the  
23 date of the notice by the retirement board under subsection (2),  
24 may file a written notice to appeal the medical adviser's deter-  
25 mination with the retirement system. If a notice to appeal the  
26 medical adviser's determination is filed by the member under this  
27 subsection, the retirement board shall establish a medical

1 committee to hear the appeal. The medical committee consists of  
2 a physician appointed by the retirement board, a physician  
3 appointed by the member, and a physician appointed by the first 2  
4 physicians appointed under this subsection. The medical commit-  
5 tee, after a medical examination of the member, shall determine  
6 if the member is physically or mentally totally disabled to per-  
7 form his or her duties, if the incapacity is likely to be per-  
8 manent, and if the member should be retired due to disability.  
9 The medical committee shall file a written report of the medical  
10 committee's findings and shall certify the medical committee's  
11 determination to the retirement system. The retirement board  
12 shall notify the member of the medical committee's determination  
13 under this subsection by registered mail sent to his or her last  
14 known residence address. The determination by a majority of the  
15 medical committee is binding upon the retirement system and the  
16 member.

17 (4) A member who refuses to submit to a medical examination  
18 required under this section and the refusal continues for 90 days  
19 or more; or a member for whom it is determined under this section  
20 that he or she should retire due to disability and who fails to  
21 retire before the expiration of 60 days after the retirement  
22 board sends notice of that determination under subsection (2) or  
23 (3), whichever is later, forfeits for himself or herself and his  
24 or her heirs and beneficiaries all rights in and to retirement  
25 benefits under this act except the refund of accumulated  
26 contributions.



1 (5) Upon determination under this section that a member who  
2 has 8 or more years of credited service is physically or mentally  
3 totally disabled to perform his or her duties, the retirement  
4 board shall retire the member due to disability. Upon retirement  
5 due to disability under this section, the retirement system shall  
6 pay to the disability retirant a retirement allowance calculated  
7 pursuant to section 503. At the time of retirement under this  
8 section, the member may elect to be paid an optional retirement  
9 allowance under an optional form of payment provided in section  
10 506 in lieu of the straight life retirement allowance under sec-  
11 tion 503.

12 Sec. 508. (1) If a member who has 8 or more years of cred-  
13 ited service dies while in office, if a vested former member dies  
14 before retirement, or if a retirant dies following retirement,  
15 the retirement system shall pay the following retirement allow-  
16 ance as applicable:

17 (a) To a surviving spouse, to which the deceased member,  
18 vested former member, or retirant was married at the time of his  
19 or her death, a retirement allowance equal to 1 of the following  
20 amounts, as applicable:

21 (i) For the surviving spouse of a deceased member, 1/2 the  
22 amount of the retirement allowance computed under section 503  
23 based upon the deceased member's final compensation and credited  
24 service.

25 (ii) For the surviving spouse of a deceased retirant, 1/2  
26 the amount of the retirement allowance being paid the retirant at  
27 time of death.

1 (iii) For the surviving spouse of a deceased vested former  
2 member, 1/2 the amount of the deferred vested service retirement  
3 allowance to which the vested former member would have been enti-  
4 tled to receive upon retirement. If the deceased vested former  
5 member had met the service requirements of section 501(1)(d), the  
6 surviving spouse may elect to receive a permanently reduced  
7 retirement allowance equal to 1/2 the amount the deceased vested  
8 former member would have received as reduced by  
9 section 501(1)(d).

10 (b) If the deceased member, vested former member, or retir-  
11 ant does not leave a surviving spouse or if the surviving spouse  
12 dies after the member's, vested former member's, or retirant's  
13 death, to each of the member's, vested former member's, or  
14 retirant's unmarried children under the age of 19 years a retire-  
15 ment allowance equal to an equal share of the amount of the  
16 retirement allowance payable to a surviving spouse under  
17 subdivision (a).

18 (2) The retirement system shall begin payment of a retire-  
19 ment allowance to a surviving spouse of a deceased member or  
20 retirant under subsection (1) on the first day of the month fol-  
21 lowing the month in which the member or retirant dies. The  
22 retirement system shall begin payment of a retirement allowance  
23 to a surviving spouse of a deceased vested former member under  
24 subsection (1) on the first day of the month following the month  
25 in which the vested former member dies or the month in which the  
26 vested former member could have retired under section 501,  
27 whichever is later. The retirement system shall terminate

1 payment of a retirement allowance to a surviving spouse under  
2 subsection (1) upon the surviving spouse's death.

3       (3) The retirement system shall begin payment of a retire-  
4 ment allowance to a child of a deceased member or retirant under  
5 subsection (1) on the first day of the month following the month  
6 in which the member or retirant dies without a surviving spouse  
7 or the first day of the month following the month in which the  
8 surviving spouse dies, whichever is later. The retirement system  
9 shall begin payment of a retirement allowance to a child of a  
10 deceased vested former member under subsection (1) on the first  
11 day of the month following the month in which the vested former  
12 member dies, the first day of the month following the month in  
13 which the vested former member could have retired under  
14 section 501 if there is no surviving spouse, or the first day of  
15 the month following the month in which the surviving spouse of  
16 the vested former member dies, whichever is later. The retire-  
17 ment system shall terminate payment of a retirement allowance to  
18 a child upon his or her adoption, marriage, becoming 19 years  
19 old, or death, whichever occurs first. However, the retirement  
20 board may continue paying the retirement allowance to a child who  
21 is attending school full-time during the period of full-time  
22 school attendance, but in no case beyond the child becoming 22  
23 years old. Upon termination of a child's retirement allowance  
24 under this subsection, the retirement system shall divide that  
25 portion of the retirement allowance into equal shares and add it  
26 to the retirement allowance being paid to the remaining eligible

1 children, if any, effective the first day of the month following  
2 termination of payment to the ineligible child.

3 (4) The retirement system shall not pay a retirement allow-  
4 ance under this section if an optional retirement allowance is  
5 being paid or will become payable to an option A beneficiary or  
6 option B beneficiary under section 506 or if a refund of accumu-  
7 lated contributions is paid under section 405.

8 (5) The surviving spouse of a deceased member may elect a  
9 refund of accumulated contributions in lieu of a retirement  
10 allowance under this section. The surviving spouse of a deceased  
11 retirant may elect to be paid a retirement allowance under this  
12 section in lieu of the survivor portion of the optional form of  
13 payment elected by the retirant under section 506.

14 Sec. 509. (1) The retirement system shall pay the premium  
15 for hospital and medical-surgical and sick care benefits for a  
16 retirant who, as a member, served after January 1, 1983 as a jus-  
17 tice of the supreme court, judge of the court of appeals, or a  
18 state official, or for his or her retirement allowance benefi-  
19 ciary who elects coverage in the state group health insurance  
20 plan, to the same extent as is provided for retirants and retire-  
21 ment allowance beneficiaries of the state employees' retirement  
22 system created by the state employees' retirement act, Act  
23 No. 240 of the Public Acts of 1943, being section 38.1 to 38.48  
24 of the Michigan Compiled Laws.

25 (2) The retirement system shall pay the premium under sub-  
26 section (1) only if section 305(1)(a) requires member

1 contributions for hospital and medical-surgical and sick care  
2 benefits.

3 ARTICLE VI

4 Sec. 601. A person who, with intent to deceive, makes a  
5 false statement in a report or record required under this retire-  
6 ment system, or who, with intent to deceive, violates this act or  
7 a rule promulgated under this act is guilty of a misdemeanor,  
8 punishable by imprisonment for not more than 90 days, or a fine  
9 of not more than \$500.00, or both.

10 Sec. 602. If a change or error in the records of the  
11 retirement system results in a retirant, retirement allowance  
12 beneficiary, or refund beneficiary receiving from the retirement  
13 system more or less than the retirant, retirement allowance bene-  
14 ficiary, or refund beneficiary would have been entitled to  
15 receive had the records been correct, the retirement system shall  
16 as far as practical correct the error, and may adjust the payment  
17 to provide an actuarial equivalent of the benefit to which the  
18 retirant, retirement allowance beneficiary, refund beneficiary,  
19 estate, or legal representative was correctly entitled. The  
20 retirement system shall not make an adjustment in benefits for an  
21 error totaling \$20.00 or less annually.

22 Sec. 603. Except as provided in this act, a retirement  
23 board member or employee of the retirement board shall not have  
24 any interest, direct or indirect, in the gains or profits of any  
25 investments made of retirement system funds. Except as provided  
26 in section 202, a board member shall not, directly or indirectly,  
27 receive any pay for his or her services. A board member or

1 person connected with the retirement board directly or  
2 indirectly, for himself or herself or as an agent or partner of  
3 others, shall not borrow any of the retirement system funds or  
4 deposits, or in any manner use retirement system funds except to  
5 make current and necessary payments that are authorized by the  
6 retirement board. A board member or employee of the retirement  
7 board shall not become an endorser of surety or become in any  
8 manner an obligor for money loaned by or borrowed from the  
9 retirement board.

10       Sec. 604. (1) This section is enacted pursuant to  
11 section 401(a) of the internal revenue code that imposes certain  
12 administrative requirements and benefit limitations for qualified  
13 governmental plans. This state intends that the retirement  
14 system be a qualified pension plan created in trust under section  
15 401 of the internal revenue code and that the trust be an exempt  
16 organization under section 501 of the internal revenue code. The  
17 department shall administer the retirement system to fulfill this  
18 intent.

19       (2) Except as otherwise provided in this section,  
20 employer-financed benefits provided by the retirement system  
21 under this act shall not exceed the lesser of \$90,000.00 or 100%  
22 of the member's average compensation for high 3 years as  
23 described in section 415(b)(3) of the internal revenue code for  
24 retirement occurring at age 62 or older.

25       (3) The limitation on employer financed benefits provided by  
26 the retirement system under subsection (2) applies unless

1 application of subsections (4) and (5) produces a higher  
2 limitation, in which case the higher limitation applies.

3 (4) If a member retires before age 62, the amount of  
4 \$90,000.00 in subsection (1) is actuarially reduced to reflect  
5 payment before age 62. The retirement system shall use an inter-  
6 est rate of 5% per year compounded annually to calculate the  
7 actuarial reduction in this subsection. If this subsection  
8 produces a limitation of less than \$75,000.00 at age 55, the lim-  
9 itation at age 55 is \$75,000.00 and the limitations for ages  
10 under age 55 shall be calculated from a limitation of \$75,000.00  
11 at age 55.

12 (5) Section 415(d) of the internal revenue code requires the  
13 commissioner of internal revenue to adjust the \$90,000.00 limita-  
14 tion in subsection (2) to reflect cost of living increases,  
15 beginning with calendar year 1988. This subsection shall be  
16 administered using the limitations applicable to each calendar  
17 year as adjusted by the commissioner of internal revenue under  
18 section 415(d) of the internal revenue code. The retirement  
19 system shall adjust the benefits subject to the limitation each  
20 year to conform with the adjusted limitation.

21 (6) The assets of the retirement system shall be held in  
22 trust and invested for the sole purpose of meeting the legitimate  
23 obligations of the retirement system and shall not be used for  
24 any other purpose. The assets shall not be used for or diverted  
25 to a purpose other than for the exclusive benefit of the members,  
26 vested former members, retirants, and retirement allowance

1 beneficiaries before satisfaction of all retirement system  
2 liabilities.

3 (7) The retirement system shall return post tax member con-  
4 tributions made by a member and received by the retirement system  
5 to a member upon retirement, pursuant to internal revenue service  
6 regulations and approved internal revenue service exclusion ratio  
7 tables.

8 (8) If the retirement system is discontinued, the interest  
9 of the members, vested former members, retirants, and retirement  
10 allowance beneficiaries in the retirement system is nonforfeit-  
11 able to the extent funded as described in section 411(d)(3) of  
12 the internal revenue code and related internal revenue service  
13 regulations applicable to governmental plans.

14 (9) Notwithstanding any other provision of this section, the  
15 retirement system shall be administered in compliance with the  
16 provisions of section 415 of the internal revenue code that are  
17 applicable to governmental plans. If there is a conflict between  
18 this section and another section of this or any other act of this  
19 state, this section prevails.

20 Sec. 605. All proceedings pending and all rights and  
21 liabilities existing, acquired, or incurred under the former  
22 judges retirement system or former probate judges retirement  
23 system at the time this act takes effect are saved. Those pro-  
24 ceedings shall be consummated pursuant to the law in effect when  
25 the proceedings were commenced. Those rights and liabilities  
26 shall be preserved pursuant to the law in effect on the day  
27 immediately preceding the effective date of this act. To the



1 extent that either the kinds of benefits available under the  
2 former judges retirement system or former probate judges retire-  
3 ment system as in effect on the day immediately before the effec-  
4 tive date of this act or the manner of calculating those benefits  
5 under the former judges retirement system or former probate  
6 judges retirement system results in a greater benefit of any kind  
7 than would otherwise be available under this act or include a  
8 benefit not otherwise available under this act, the determina-  
9 tions of those kinds of benefits available and the manner of cal-  
10 culating those benefits shall be made pursuant to the former  
11 judges retirement system or former probate judges retirement  
12 system for those members who participated in the retirement  
13 system as set forth in the former judges retirement system or  
14 former probate judges retirement system before the effective date  
15 of this act.

16       Sec. 606. All assets, rights, and obligations under the  
17 former judges retirement system and former probate judges retire-  
18 ment system are transferred to this retirement system. These  
19 assets, rights, and obligations shall continue to be accounted  
20 for in the various reserves created under this retirement system  
21 and all rights and liabilities existing under the former judges  
22 retirement system and former probate judges retirement system are  
23 preserved.

24       Sec. 607. (1) Act No. 198 of the Public Acts of 1951, being  
25 sections 38.801 to 38.831 of the Michigan Compiled Laws and Act  
26 No. 165 of the Public Acts of 1954, being sections 38.901 to  
27 38.933 of the Michigan Compiled Laws, are repealed.

1       (2) Section 2530a of Act No. 236 of the Public Acts of 1961,  
2 being section 600.2530a of the Michigan Compiled Laws, is  
3 repealed.

4       Sec. 608. This act shall not take effect unless Senate Bill  
5 No. \_\_\_\_\_ or House Bill No. 6097 (request no. 05554'92 a) of  
6 the 86th Legislature is enacted into law.