

# SENATE BILL No. 605

November 14, 1991, Introduced by Senator N. SMITH and referred to the Committee on Finance.

A bill to amend section 12a of Act No. 156 of the Public Acts of 1851, entitled as amended

"An act to define the powers and duties of the county boards of commissioners of the several counties, and to confer upon them certain local, administrative and legislative powers; and to prescribe penalties for the violation of the provisions of this act,"

as amended by Act No. 84 of the Public Acts of 1991, being section 46.12a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 12a of Act No. 156 of the Public Acts of  
2 1851, as amended by Act No. 84 of the Public Acts of 1991, being  
3 section 46.12a of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 12a. (1) A county board of commissioners at a lawfully  
6 held meeting may do 1 or more of the following:

1       (a) Provide group life, health, accident and  
2 hospitalization, and disability coverage for a county employee,  
3 retired employee, or an employee of an office, board, or depart-  
4 ment of the county, including the board of county road commis-  
5 sioners, and a dependent of an employee, either with or without  
6 cost participation by the employee, and appropriate the necessary  
7 funds for the insurance. For a county with 100 employees or  
8 more, self-insure for health, accident and hospitalization, and  
9 group disability coverage for a county employee, retired employ-  
10 ee, or an employee of an office, board, or department of the  
11 county, including the board of county road commissioners, and a  
12 dependent of an employee, either with or without cost participa-  
13 tion by the employee, and appropriate the necessary funds.

14       (b) Adopt and establish a plan by which the county purchases  
15 or participates in the cost of an endowment policy or retirement  
16 annuity for a county employee or an employee of an office, board,  
17 or department of the county, including the board of county road  
18 commissioners, to provide monthly pension or retirement benefits  
19 for each employee 60 years of age or older in an amount not to  
20 exceed \$150.00 per month or 2% of the average monthly earnings of  
21 the employee for 5 years immediately before retirement times the  
22 years of service of the employee, whichever is the lesser sum.  
23 As an option, a county board of commissioners may adopt and  
24 establish a plan by which the county pays pension or retirement  
25 benefits to a county employee or an employee of an office, board,  
26 or department of the county, including the board of county road  
27 commissioners, who has been employed for not less than 25 years,

1 or who is 60 years of age or older and has been employed for not  
2 less than 5 years, in monthly payments not to exceed 2.5% of the  
3 employee's highest average monthly compensation or earnings  
4 received from the county or county road fund for 5 years of serv-  
5 ice times the total number of years of service of the employee,  
6 including a fraction of a year, not to exceed 3/4 of the average  
7 final compensation of the employee. A plan may also pay early  
8 retirement benefits at 55 years of age or older to the extent of  
9 actuarially equivalent benefits not increasing the costs of the  
10 plan. Except as provided in subsection (28), endowment policies,  
11 retirement benefits, pensions, or annuity retirement benefits in  
12 excess of the amounts stipulated in this subdivision may be pro-  
13 vided for by a plan of employee participation to cover the cost  
14 of the excess. If the employment or the pension or retirement  
15 benefits of an employee who participated in the cost of pension  
16 or retirement benefits are terminated before the employee  
17 receives pension or retirement benefits equal to the total amount  
18 of the employee's participation, the balance of the total partic-  
19 ipation shall be refunded to the employee at the time of termina-  
20 tion, if living, or if deceased, to the employee's heir, estate,  
21 legal representative, or designated beneficiary as provided in  
22 the plan adopted and established by the county board of  
23 commissioners. If a terminated employee is subsequently rehired  
24 by the county, the employee may repay the amount of participation  
25 refunded to the employee upon the employee's termination,  
26 together with compound interest from the date of refund to the  
27 dates of repayment at the rates provided in the plan. As

1 conditions for repayment, the plan may require return to  
2 employment for a period not to exceed 3 years and may require  
3 that repayment be completed within a period of not less than 1  
4 year following return to employment. A plan adopted for the pay-  
5 ment of retirement benefits or a pension shall grant benefits to  
6 an employee eligible for pension or retirement benefits according  
7 to a uniform scale for all persons in the same general class or  
8 classification. An employee shall not be denied benefits by ter-  
9 mination of his or her employment after the employee becomes eli-  
10 gible for benefits under the plan and this section. An endowment  
11 policy or annuity purchased pursuant to this section shall be  
12 purchased from an insurer authorized to write endowment policies  
13 or annuities in this state.

14 (2) In a plan adopted under this section, at least 60% of  
15 the total pension or retirement benefit granted to an employee  
16 from county funds shall consist of a percentage not to exceed  
17 2.5% of the employee's average final compensation times the  
18 employee's years of service and shall be granted to each employee  
19 eligible for retirement under the plan uniformly and without  
20 restriction or limitation other than those prescribed in this  
21 section. As used in this section:

22 (a) "Average final compensation" means the annual average of  
23 the highest actual compensation received by a county employee,  
24 other than a county employee who is a judge of a municipal court  
25 of record subject to subsection (21) or a judge subject to sub-  
26 section (24), during a period of 5 consecutive years of service  
27 contained within the employee's 10 years of service immediately

1 before the employee's retirement or a period of 5 years of  
2 service as specified in the plan. In a county that adopts a plan  
3 for granting longevity pay, the county board of commissioners may  
4 exclude this longevity pay from average final compensation for  
5 the purpose of computing the rate of employee contribution and  
6 the amount of benefits payable to an employee upon retirement.

7 (b) "Longevity pay" means increments of compensation payable  
8 at annual or semiannual intervals and based upon years of service  
9 to the county, exclusive of compensation provided for a given  
10 class of positions.

11 (3) A circuit court stenographer is eligible for membership  
12 in, and the benefits of, a pension or retirement benefit under a  
13 plan established pursuant to this section, or a social security  
14 plan established by the county or 1 of the counties that pays a  
15 portion of the compensation of a circuit court stenographer.

16 (4) If the employment of a county employee eligible to  
17 receive a pension or retirement benefit under a plan established  
18 pursuant to this section is terminated after the employee has  
19 completed 8 or more years of service in county employment, the  
20 employee shall receive the amount of pension or retirement bene-  
21 fit to which the employee's service would have entitled the  
22 employee under the plan established, if the employee waives the  
23 employee's right to a refund of the employee's total participa-  
24 tion upon the termination of employment. The payment of pension  
25 or retirement benefits shall begin, as provided in the plan,  
26 after the employee would have become eligible for retirement  
27 under the plan had the employee's employment not been terminated,

1 but not later than 90 days after the employee becomes 65 years of  
2 age. The payment of pension or retirement benefits shall not  
3 begin until the employee has applied for pension or retirement  
4 benefits in the manner prescribed in the plan established.

5       (5) A plan established under this section may provide for  
6 pension or retirement benefits for a county employee who becomes  
7 totally disabled for work in the county service from any cause,  
8 after not less than 10 years of county employment, to the extent  
9 of the limitations provided in this section. A plan may also  
10 provide for pension or retirement benefits to the extent of the  
11 limitations provided in this section or \$400.00 per month, which-  
12 ever is the greater sum, for an employee who becomes totally dis-  
13 abled for work in the county service from causes that are the  
14 direct and proximate result of county employment, to continue for  
15 the duration of the disability or until the employee becomes eli-  
16 gible for retirement pursuant to other provisions of the plan  
17 authorized by this section. A plan may also provide for pension  
18 or retirement benefits, to the extent of the limitations provided  
19 in this section, for the actual dependents of a county employee  
20 who dies while still employed by the county after not less than  
21 10 years of county employment, or who dies after leaving county  
22 employment with not less than the number of years of service  
23 required to vest in the plan but before becoming eligible to  
24 receive a pension or retirement benefit. A plan may also provide  
25 for pension or retirement benefits to the extent of the limita-  
26 tions provided in this section or \$400.00 per month, whichever is  
27 greater, for the actual dependents of a deceased county employee

1 whose death is the direct and proximate result of county  
2 employment. The plan may provide that the period from the end of  
3 the deceased or disabled employee's period of service to the date  
4 that employee would have become eligible for retirement be used  
5 as service for the sole purpose of computing the amount of dis-  
6 ability or death pension.

7 (6) "County employee" includes a bailiff of the district  
8 court in the thirty-sixth district who serves pursuant to section  
9 8322 of the revised judicature act of 1961, Act No. 236 of the  
10 Public Acts of 1961, as amended, being section 600.8322 of the  
11 Michigan Compiled Laws, and a person who receives more than 50%  
12 of all compensation for personal services, rendered to governmen-  
13 tal units, from a county fund or county road fund, except a  
14 person, other than a bailiff of the district court in the  
15 thirty-sixth district, engaged for special services on a contract  
16 or fee basis. The plan adopted under this section, until  
17 December 31, 1979, may include as a county employee a person on  
18 leave of absence from county employment who is not a member of  
19 another retirement system except as a retirant and who pays or  
20 arranges payment of contributions equal to the contributions that  
21 would have been required to be paid under the plan by both the  
22 county and the employee, based upon the compensation the employee  
23 would have received from the county, if the employee had not  
24 taken a leave of absence or a person who complies with the  
25 requirements of such a provision approved for inclusion in a plan  
26 by the county board of commissioners before January 1, 1976, who  
27 shall be considered to be a county employee during the period of

1 compliance. Provision may be made to exclude a person who is  
2 employed on a temporary basis and a person employed in a position  
3 normally requiring less than 1,000 hours, or some lesser speci-  
4 fied number of hours, work per year. A bailiff serving in the  
5 district court in the thirty-sixth district is eligible to  
6 receive benefits under this section if a plan has been estab-  
7 lished by law by which the cost of benefits is payable from  
8 sources including charges on all legal instruments in which the  
9 service of process by a bailiff is required and earmarked by law  
10 for benefits, and contributions made by the state and each bai-  
11 liff pursuant to section 8322(7) of Act No. 236 of the Public  
12 Acts of 1961, as amended. The plan shall include provisions by  
13 which a bailiff or former bailiff who served as bailiff as of  
14 January 1, 1967, may retire after 25 years of service regardless  
15 of age, with maximum benefits to be computed as follows: start-  
16 ing as of January 1, 1969, the average of any 5 years of earnings  
17 of the previous 10 years served in succession before retirement  
18 multiplied by 1.9% times the years of service; starting as of  
19 June 1, 1975, the average of any 5 years of earnings multiplied  
20 by 2% times the years of service. As used in this subsection,  
21 "earnings" means the salary and fees, other than mileage,  
22 received by a bailiff pursuant to section 8322(6) of Act No. 236  
23 of the Public Acts of 1961, as amended. The plan shall include  
24 provisions by which health, accident, and hospitalization insur-  
25 ance premiums may be paid out of the earnings of this fund.  
26 These payments shall be made at the discretion of the pension  
27 board of trustees.



1 A county that has a retirement fund for bailiffs under this  
2 section shall annually review the retirement fund and shall  
3 ensure that the fund is maintained in an actuarially sound  
4 condition. Copies of the actuarial reports shall be provided to  
5 the state judicial council created by chapter 91 of Act No. 236  
6 of the Public Acts of 1961, being sections 600.9101 to 600.9107  
7 of the Michigan Compiled Laws.

8 (7) An employee while receiving a pension or retirement ben-  
9 efit because of disability, pursuant to this section, may be con-  
10 sidered as employed in the county service for the purpose of  
11 retirement under this section.

12 (8) A county employee who is included by law in another pen-  
13 sion or retirement system by reason of the compensation the  
14 employee receives from the county may be excluded from a plan  
15 established under this section or included only to the extent of  
16 the difference between benefits granted under this section and  
17 the other pension or retirement system.

18 (9) The county board of commissioners, upon the request of a  
19 county employee, by not less than a 3/5 vote may credit that  
20 county employee with the amount of government service resulting  
21 from employment with the United States government, except mili-  
22 tary service, employment with a state, or employment with any of  
23 their political subdivisions under the following conditions:

24 (a) Employment by the county occurred within 15 years fol-  
25 lowing the county employee's separation from service of the last  
26 unit of government by which the county employee was employed.

1 (b) Service rendered before the last break in service of  
2 more than 15 years shall not be credited.

3 (c) Service that is recognized for the purpose of a deferred  
4 retirement allowance under a retirement system or other  
5 employer-funded retirement benefit plan, except for a retirement  
6 benefit plan under the social security act, chapter 531, 49  
7 Stat. 620, of the United States government, a state, or a politi-  
8 cal subdivision of a state shall not be credited if the county  
9 employee retired under a retirement system of the United States  
10 government, a state, or any of their political subdivisions or  
11 until the county employee irrevocably forfeits the right to the  
12 deferred retirement allowance.

13 (d) The county employee deposits in the plan established  
14 under this section an amount equal to the aggregate amount of  
15 contributions the county employee would have made had the service  
16 been acquired in the employ of the county, plus interest from the  
17 dates the contributions would have been made to the date of  
18 deposit, at rates determined by the COUNTY board OF  
19 COMMISSIONERS. If records are insufficient or unavailable to  
20 compute the exact amount of required deposit, the COUNTY board OF  
21 COMMISSIONERS may estimate the amount.

22 (e) The county employee has 8 or more years of credited  
23 service in county employment, has legal vesting in the county  
24 plan, and deposits in the county employees' retirement system an  
25 amount equal to the aggregate amount of contributions the  
26 employer would have made had the government service being

1 credited under this section been acquired in the employ of the  
2 county.

3       (10) A plan adopted under this section may provide for  
4 annual or less frequent postretirement redetermination of a  
5 pension. The redetermined amount of pension shall be not greater  
6 than the amount of pension otherwise payable multiplied by the  
7 sum of 100% and the percentage the county board of commissioners  
8 determines appropriate for each full year, excluding a fraction  
9 of a year, in the period from the effective date of payments of  
10 the pension and the date as of which the redetermination is being  
11 made. The redetermined amount shall not be less than the amount  
12 of pension otherwise payable. A provision of this section that  
13 limits the amount of a pension shall not apply to the operation  
14 of this subsection redetermining the amount of a pension. As  
15 used in this subsection, "the amount of pension otherwise  
16 payable" means the amount of pension that would be payable with-  
17 out regard to this subsection. The application of a provision  
18 redetermining pension amounts may be restricted to pensions  
19 having an effective date of payment either before or after a  
20 specified date.

21       (11) The cost of pension or retirement benefits for a county  
22 employee under this section may be paid from the same fund from  
23 which the employee receives compensation, and the county board of  
24 commissioners may appropriate the necessary funds to carry out  
25 the purposes of this section. If a county establishes a plan by  
26 which the county pays pension or retirement benefits to an  
27 employee pursuant to this section, the county, pursuant to

1 provisions for pension or retirement benefits that are  
2 incorporated in the plan, shall establish and maintain reserves  
3 on an actuarial basis in the manner provided in this subsection  
4 sufficient to finance the pension and retirement and death bene-  
5 fit liabilities under the plan and sufficient to pay the pension  
6 and retirement and death benefits as they become due. A county  
7 that adopts a retirement plan under this section and establishes  
8 reserves on an actuarial basis shall maintain the reserves as  
9 provided in this subsection. The reserves shall be determined by  
10 an actuarial valuation and established and maintained by yearly  
11 appropriations by the county and contributions by employees. The  
12 reserves shall be established, maintained, and funded to cover  
13 the pension and other benefits provided for in the plan in the  
14 same manner and within the same limits as to time as is provided  
15 for Benefit Program B in the municipal employees retirement  
16 system described in section 14 of the municipal employees retire-  
17 ment act of 1984, Act No. 427 of the Public Acts of 1984, being  
18 section 38.1514 of the Michigan Compiled Laws. These reserves  
19 are trust funds and shall not be used for any other purpose than  
20 the payment of pension, retirement, and other benefits and  
21 refunds of employee contributions pursuant to the plan estab-  
22 lished in a county. An employee's contributions shall be kept  
23 and accumulated in a separate fund and used only for the payment  
24 of annuities and refunds to employees. This subsection does not  
25 apply to a county that adopted a retirement plan under this sec-  
26 tion and did not establish reserves on an actuarial basis before  
27 October 11, 1947.

1       (12) A plan established by a county for the payment of  
2 pension and retirement benefits to an employee under this section  
3 shall be approved as complying with this section by a county pen-  
4 sion plan committee consisting of the attorney general, the state  
5 treasurer, and the executive secretary of the state employees'  
6 retirement system created by the state employees' retirement act,  
7 Act No. 240 of the Public Acts of 1943, as amended, being sec-  
8 tions 38.1 to 38.48 of the Michigan Compiled Laws, before the  
9 plan becomes effective or operative in the county. Each county  
10 retirement plan operating under this section shall be approved by  
11 the committee as complying with this section biennially. A  
12 financial statement for each county retirement plan operating  
13 under this section shall be submitted annually to the county pen-  
14 sion plan committee by the county board, official, or employee  
15 designated by the county board of commissioners. The financial  
16 statement shall be in the form, contain the information, and be  
17 submitted as the county pension plan committee prescribes. The  
18 state treasurer shall audit the funds and accounts of county  
19 retirement plans established under this section in the same  
20 manner as the state treasurer audits other county accounts and  
21 may audit and investigate county retirement plan funds and  
22 accounts to the extent necessary to effectuate the purposes of  
23 this section. This subsection does not apply to a county that  
24 adopted a retirement plan under this section and did not estab-  
25 lish reserves on an actuarial basis before October 11, 1947.

26       (13) If a county establishes a plan for the payment of  
27 pension and retirement benefits to its employees pursuant to this

1 section, the county board of commissioners may provide for a  
2 board of trustees to administer the plan and for the manner of  
3 election or appointment of the members of the board of trustees.  
4 The county board of commissioners may grant authority to the  
5 board of trustees to fully administer and operate the plan and to  
6 deposit, invest, and reinvest the funds and reserves of the plan  
7 within the limitations prescribed by the county board of commis-  
8 sioners in the plan. The county board of commissioners may  
9 authorize the investment of funds of a county retirement plan  
10 established under this section in anything in which the funds of  
11 the state employees' retirement system or the funds of the munic-  
12 ipal employees retirement system may be invested, pursuant to Act  
13 No. 240 of the Public Acts of 1943, as amended, and Act No. 427  
14 of the Public Acts of 1984, being sections 38.1501 to 38.1556 of  
15 the Michigan Compiled Laws. A county retirement plan established  
16 under this section may provide for financing, funding, and the  
17 payment of benefits in the same manner and to the same extent as  
18 is provided for in Act No. 240 of the Public Acts of 1943, as  
19 amended, and Act No. 427 of the Public Acts of 1984, may provide  
20 for and require contributions by county employees, and may permit  
21 additional employee contributions on a voluntary basis.

22       (14) Upon the approval of the county board of commissioners,  
23 a member who entered the armed service of the United States  
24 before June 1, 1980 or who entered the armed service of the  
25 United States on or after June 1, 1980 during a time of war or  
26 emergency condition as described in section 1 of Act No. 190 of  
27 the Public Acts of 1965, as amended, being section 35.61 of the

1 Michigan Compiled Laws, may elect to receive credited service for  
2 not more than 5 years of active military service. Credit for  
3 military service shall be given upon request and payment to the  
4 retirement system of an amount equal to 5% of the member's  
5 full-time or equated full-time annual compensation for the year  
6 in which payment is made multiplied by the number of years, and  
7 fraction of a year, of credited service that the member elects to  
8 purchase up to the maximum. Service shall not be credited if the  
9 service is or would be credited under any other federal, state,  
10 or local publicly supported retirement system. Service shall not  
11 be credited under this subsection until the member has the number  
12 of years of credited service needed to vest under the plan. Only  
13 completed years and months of armed service shall be credited  
14 under this subsection.

15 (15) A member who enters or entered any armed service of the  
16 United States may purchase credited service for periods of con-  
17 tinuous active duty lasting 30 days or more, subject to the fol-  
18 lowing conditions:

19 (a) The county board of commissioners authorizes the pur-  
20 chase of credited service under this subsection by an affirmative  
21 vote of a majority of the members of the county board of  
22 commissioners. The county board of commissioners shall establish  
23 a written policy to implement the provisions of this subsection  
24 in order to provide uniform application of this subsection to all  
25 members of the plan.

1 (b) The member has at least the number of years of credited  
2 service needed to vest under the plan, not including any credited  
3 service purchased under this subsection and subsection (14).

4 (c) The member pays the plan 5% of the member's annual com-  
5 pensation multiplied by the period of credited service being  
6 purchased. As used in this subdivision, "annual compensation"  
7 means the aggregate amount of compensation paid the member during  
8 the 4 most recent calendar quarters for each of which the member  
9 was credited 3/12 of a year of credited service.

10 (d) Fractional months of armed service shall not be recog-  
11 nized for the purposes of this subsection.

12 (e) Armed service credited a member under subsection (14)  
13 shall not be the basis of credited service under this section.

14 (f) Armed service credited a member under this subsection  
15 shall not exceed either 5 years or the difference between 5 years  
16 and the armed service credited the member under subsection (14).

17 (g) Credited service shall not be granted for periods of  
18 armed service that are or could be used for obtaining or increas-  
19 ing a benefit from another retirement system.

20 (16) As used in this subsection, "transitional public  
21 employment program" means a public service employment program in  
22 the area of environmental quality, health care, education, public  
23 safety, crime prevention and control, prison rehabilitation,  
24 transportation, recreation, maintenance of parks, streets, and  
25 other public facilities, solid waste removal, pollution control,  
26 housing and neighborhood improvements, rural development,  
27 conservation, beautification, veterans' outreach, or any other



1 area of human betterment and community improvement as part of a  
2 program of comprehensive manpower services authorized, under-  
3 taken, and financed pursuant to the former comprehensive employ-  
4 ment and training act of 1973, Public Law 93-203. A person par-  
5 ticipating in a transitional public employment program shall not  
6 be eligible for membership in a retirement system or pension plan  
7 established under this section. If the person later becomes a  
8 member of a retirement system or pension plan established under  
9 this section within 12 months after the date of termination as a  
10 participant in a transitional public employment program, service  
11 credit shall be given for employment in the transitional public  
12 employment program for purposes of determining a retirement  
13 allowance upon the payment by the person and the person's  
14 employer under the transitional public employment program from  
15 funds provided under the former comprehensive employment and  
16 training act of 1973, Public Law 93-203, as funds permit, to the  
17 retirement system of the contributions, plus regular interest,  
18 the person and the employer would have paid had the employment  
19 been rendered in a position covered by this section. During the  
20 person's employment in the transitional public employment pro-  
21 gram, the person's employer shall provide an opportunity by pay-  
22 roll deduction for the person to make his or her employee contri-  
23 bution to the applicable pension system. To provide for the  
24 eventual payment of the employer's contribution, the person's  
25 employer shall during this same period place in reserve a reason-  
26 able but not necessarily an actuarially determined amount equal  
27 to the contributions that the employer would have paid to the

1 retirement system for those employees in the transitional public  
2 employment program as if they were members under this section,  
3 but only for that number of employees that the employer deter-  
4 mined would transfer from the transitional public employment pro-  
5 gram into positions covered by this section. If the funds pro-  
6 vided under the former comprehensive employment and training act  
7 of 1973, Public Law 93-203, are insufficient, the remainder of  
8 the employer contributions shall be paid by the person's current  
9 employer.

10       (17) Subsection (16) does not exclude the participant in a  
11 transitional public employment program from the accident, dis-  
12 ability, or other benefits available to members of the retirement  
13 system covered by this section.

14       (18) If a probate judge who is a member of a plan estab-  
15 lished under this section contributes for not less than 20 years,  
16 the county board of commissioners may allow the probate judge to  
17 cease further contributions.

18       (19) An employee of the circuit court in the third judicial  
19 circuit, the common pleas court of the city of Detroit, or the  
20 recorder's court of the city of Detroit who became an employee of  
21 the state judicial council on September 1, 1981, and who was 44  
22 years of age or older as of that date, and who will have accumu-  
23 lated 25 or more years of service credit by September 1, 1987,  
24 shall continue to be eligible for membership in, and the benefits  
25 of, a pension or retirement benefit plan established pursuant to  
26 this section in the same manner as the employee was eligible  
27 before September 1, 1981. A person who was an employee of the

1 circuit court in the third judicial circuit, the common pleas  
2 court of the city of Detroit, or the recorder's court of the city  
3 of Detroit on August 31, 1981, who last entered county employment  
4 before November 2, 1956, who became an employee of the state  
5 judicial council on September 1, 1981, and who accumulated not  
6 less than 24 years of service credit by August 31, 1981, shall  
7 continue to be eligible for membership in, and the benefits of, a  
8 pension or retirement benefit plan established pursuant to this  
9 section in the same manner as the employee was eligible before  
10 September 1, 1981. An election to continue to be a member of a  
11 pension or retirement benefit plan established pursuant to this  
12 section as authorized by section 594(2) of the revised judicature  
13 act of 1961, Act No. 236 of the Public Acts of 1961, being sec-  
14 tion 600.594 of the Michigan Compiled Laws, or section 36(2) of  
15 Act No. 369 of the Public Acts of 1919, being section 725.36 of  
16 the Michigan Compiled Laws, is not effective unless the employee  
17 has made the election in the manner prescribed by those sections  
18 and has made the payments required by those sections.

19       (20) A plan adopted under this section may provide that an  
20 employee of the circuit court in the third judicial circuit, the  
21 common pleas court of the city of Detroit, or the recorder's  
22 court of the city of Detroit who is a member of the Wayne county  
23 employees' retirement system on August 31, 1981, who becomes an  
24 employee of the state judicial council and a member of the state  
25 employees' retirement system on September 1, 1981, receive a ben-  
26 efit based on the annual average of the highest actual

1 compensation received by the employee during a period of 5 years  
2 of county or state service.

3       (21) Beginning September 1, 1981, for determining the  
4 retirement benefit for a county employee who is a judge of a  
5 municipal court of record pursuant to subsection (2), "average  
6 final compensation" means the annual average of the highest  
7 actual compensation received by the judge as additional salary  
8 pursuant to section 13(2) of Act No. 369 of the Public Acts of  
9 1919, as amended, being section 725.13 of the Michigan Compiled  
10 Laws, during a period of 5 years of service as specified in the  
11 plan. This subsection shall not be construed to diminish or  
12 impair an accrued financial benefit.

13       (22) Beginning September 1, 1981, for each county employee  
14 who is a judge of a municipal court of record, or of the circuit  
15 or district court, the sum of the average final compensation  
16 determined for that county employee pursuant to this section and  
17 the final salary determined for that county employee as a member  
18 of the state of Michigan judges' retirement system pursuant to  
19 the judges' retirement act, Act No. 198 of the Public Acts of  
20 1951, as amended, being sections 38.801 to 38.831 of the Michigan  
21 Compiled Laws, shall not exceed the employee's total annual judi-  
22 cial salary payable from all sources at the time of his or her  
23 retirement. This subsection shall not be construed to diminish  
24 or impair an accrued financial benefit.

25       (23) Beginning September 1, 1981, for each county employee  
26 who is a judge of the probate court, the sum of the average final  
27 compensation calculated for that employee pursuant to this

1 section and the final salary calculated for that employee as a  
2 member of the state of Michigan probate judges retirement system  
3 pursuant to the probate judges retirement act, Act No. 165 of the  
4 Public Acts of 1954, as amended, being sections 38.901 to 38.933  
5 of the Michigan Compiled Laws, shall not exceed the employee's  
6 total annual judicial salary payable from all sources at the time  
7 of his or her retirement. This subsection shall not be construed  
8 to diminish or impair an accrued financial benefit.

9       (24) Beginning September 1, 1981, for determining a retire-  
10 ment benefit pursuant to subsection (2) for a county employee who  
11 is a judge who receives an annuity pursuant to section 14(5) of  
12 Act No. 198 of the Public Acts of 1951, as amended, being section  
13 38.814 of the Michigan Compiled Laws, "average final  
14 compensation" means the difference between the judge's total  
15 annual salary payable from all sources on August 31, 1981, and  
16 the judge's state base salary payable on August 31, 1981. This  
17 subsection shall not be construed to diminish or impair an  
18 accrued financial benefit.

19       (25) Beginning January 1, 1983, the sum of the final salary  
20 determined for each county employee who is a judge of the probate  
21 court used as the basis for determining the judge's retirement  
22 allowance as a member of a retirement system established pursuant  
23 to this section and the salary or compensation figure used as the  
24 basis for determining the judge's retirement allowance as a  
25 member of the state of Michigan judges' retirement system created  
26 by Act No. 198 of the Public Acts of 1951, shall not exceed the  
27 judge's total annual salary payable from all sources at the time

1 of his or her retirement. This subsection shall not be construed  
2 to diminish or impair an accrued financial benefit.

3 (26) The county board of commissioners, upon the request of  
4 a county employee, by not less than a 3/5 vote may credit that  
5 county employee with the amount of membership service that the  
6 county employee was previously credited with by the retirement  
7 system established under this section under the following  
8 conditions:

9 (a) The membership service previously credited to the county  
10 employee was service rendered for the same county.

11 (b) Service that is recognized for the purpose of a deferred  
12 retirement allowance under a retirement system or other  
13 employer-funded retirement benefit plan, except for a retirement  
14 benefit plan under the social security act, chapter 531, 49  
15 Stat. 620, of the United States government, a state, or a politi-  
16 cal subdivision of a state shall not be credited if the county  
17 employee retired under a retirement system of the United States  
18 government, a state, or any of their political subdivisions or  
19 until the county employee irrevocably forfeits the right to the  
20 deferred retirement allowance.

21 (c) The county employee deposits in the plan established  
22 under this section an amount equal to the aggregate amount of  
23 contributions the county employee made at the time of the previ-  
24 ous membership service plus interest from the date of withdrawal  
25 of the accumulated contributions to the date of deposit, at rates  
26 determined by the COUNTY board OF COMMISSIONERS. If records are  
27 insufficient or unavailable to compute the exact amount of

1 required deposit, the COUNTY board OF COMMISSIONERS may estimate  
2 the amount.

3 (d) The county employee deposits in the county employees'  
4 retirement system an amount equal to the aggregate amount of con-  
5 tributions the employer made at the time of the previous member-  
6 ship service plus interest from the date of separation to the  
7 date of deposit, at rates determined by the board.

8 (27) A person participating in a program described in this  
9 subsection is not eligible for membership in a retirement system  
10 or pension plan established under this section. In addition,  
11 that person shall not receive service credit for the employment  
12 described in this subsection even though the person subsequently  
13 becomes or has been a member of the retirement system. This sub-  
14 section applies to all of the following:

15 (a) A person, not regularly employed by the county, who is  
16 employed by the county through participation in a program estab-  
17 lished pursuant to the job training partnership act, Public Law  
18 97-300, 96 Stat. 1322.

19 (b) A person, not regularly employed by the county, who is  
20 employed by the county through participation in a program estab-  
21 lished pursuant to the Michigan opportunity and skills training  
22 program, first established under sections 12 to 23 of Act No. 259  
23 of the Public Acts of 1983.

24 (c) A person, not regularly employed by the county, who is  
25 employed by the county through participation in a program estab-  
26 lished pursuant to the Michigan community service corps program,  
27 first established under sections 25 to 35 of Act No. 259 of the

1 Public Acts of 1983 and sections 148 to 160 of Act No. 246 of the  
2 Public Acts of 1984.

3 (d) A person, not regularly employed by the county, who is  
4 hired by the county to administer a program described in subdivi-  
5 sion (a), (b), or (c).

6 (28) If a county enters into a collective bargaining agree-  
7 ment pursuant to Act No. 336 of the Public Acts of 1947, being  
8 sections 423.201 to 423.216 of the Michigan Compiled Laws,  
9 ~~which~~ THAT provides for retirement benefits that are in excess  
10 of the retirement benefits otherwise authorized to be provided  
11 under this section for employees of the county who are covered by  
12 a plan under this section, then the county board of commissioners  
13 may amend or adopt a plan under this section to provide those  
14 benefits to employees who are members of the bargaining unit cov-  
15 ered by the agreement, and may, after December 31, 1987, amend or  
16 adopt a plan under this section to provide those benefits to  
17 other employees of the county.

18 (29) Beginning on April 30, 1990, 1 of the following condi-  
19 tions applies to a retirant who is receiving a pension or retire-  
20 ment benefit from a plan under this section if the retirant  
21 becomes employed by a county that has established a plan under  
22 this section:

23 (a) Payment of the pension or retirement benefit to the  
24 retirant shall be suspended if the retirant is employed by the  
25 county from which the retirant retired. Suspension of the pay-  
26 ment of the pension or retirement benefit shall become effective  
27 the first day of the calendar month that follows the sixtieth day



1 after the retirant is employed by the county. Payment of the  
2 pension or retirement benefit shall resume on the first day of  
3 the calendar month that follows termination of the employment.  
4 Payment of the pension or retirement benefit shall be resumed  
5 without change in amount or conditions by reason of the  
6 employment. The retirant shall not be a member of the plan  
7 during the period of employment.

8 (b) Payment of the pension or retirement benefit to the  
9 retirant shall continue without change in amount or conditions by  
10 reason of the employment if the retirant becomes employed by a  
11 county other than the county from which the retirant retired.  
12 For the purposes of membership and potential benefit entitlement  
13 under the plan of the other county, the retirant shall be consid-  
14 ered in the same manner as an individual with no previous record  
15 of employment by that county.

16 (30) A county may increase the percentage of the highest  
17 average monthly compensation or earnings that was used to calcu-  
18 late the pension or retirement benefit under subsection (1)(b) of  
19 a person receiving a pension or retirement benefit under this  
20 section on the date the county increases the percentage of com-  
21 pensation or earnings. The county shall recalculate the pension  
22 or retirement benefit using the increased percentage of compensa-  
23 tion or earnings. The person receiving the pension or retirement  
24 benefit is eligible to receive an adjusted pension or retirement  
25 benefit based upon the recalculation effective the first day of  
26 the month following the date the county increases the percentage  
27 of compensation or earnings under this subsection.

1       (31) If a county retirement plan established under this  
2 section provides an optional form of payment of a retirement  
3 allowance, a retirement allowance may be made payable under this  
4 subsection, by resolution of the county board of commissioners,  
5 to the surviving spouse of a deceased retirant if all of the  
6 requirements of this subsection are met. If a member of a county  
7 retirement plan established under this section retired after  
8 March 1, 1981 but before November 12, 1985 elected to receive his  
9 or her retirement allowance in life payments to the retirant, and  
10 died after November 1, 1989 but before December 31, 1989, the  
11 surviving spouse of that deceased retirant shall receive a  
12 retirement allowance pursuant to this subsection. The county  
13 board of commissioners shall compute the retirement allowance in  
14 the same manner as if, on the day before the retirant's death,  
15 the deceased retirant had elected to receive a reduced retirement  
16 allowance in life payments to the retirant with full continuation  
17 to the retirement allowance beneficiary and had nominated the  
18 surviving spouse as the retirement allowance beneficiary. The  
19 surviving spouse shall begin to receive the retirement allowance  
20 under this subsection effective the first day of the month fol-  
21 lowing the month in which application to the county retirement  
22 plan is made by the surviving spouse. A payment of a retirement  
23 allowance under this subsection shall not be paid for any month  
24 before the first month a retirement allowance is payable under  
25 this subsection. As used in this subsection, "spouse" means the  
26 person, if any, to whom the deceased retirant was married on the

1 effective date of his or her retirement under the county  
2 retirement plan and on the date of his or her death.

3 (32) The payment of pension or retirement benefits under a  
4 plan established pursuant to this section is subject to an eligi-  
5 ble domestic relations order under the eligible domestic rela-  
6 tions order act, ACT NO. 46 OF THE PUBLIC ACTS OF 1991, BEING  
7 SECTIONS 38.1701 TO 38.1711 OF THE MICHIGAN COMPILED LAWS.

8 (33) If a county retirement plan established under this sec-  
9 tion provides an optional form of payment of a retirement allow-  
10 ance and if a retirant receiving a reduced retirement allowance  
11 under that plan is divorced from the spouse who had been named  
12 the retirant's survivor beneficiary, the election of a reduced  
13 retirement allowance form of payment shall be considered void by  
14 the retirement system if the judgment of divorce or award or  
15 order of the court, or an amended judgment of divorce or award or  
16 order of the court dated after ~~the effective date of the amenda-~~  
17 ~~try act that added this subsection~~ JULY 18, 1991 provides that  
18 the election of a reduced retirement allowance form of payment is  
19 to be considered void by the retirement system and the retirant  
20 provides a certified copy of the judgment of divorce or award or  
21 order of the court, or an amended judgment of divorce or award or  
22 order of the court, to the retirement system. If the election of  
23 a reduced retirement allowance form of payment is considered void  
24 by the retirement system under this subsection, the retirant's  
25 retirement allowance shall revert to a straight life retirement  
26 allowance, including postretirement adjustments, if any, subject  
27 to an award or order of the court. The retirement allowance

1 shall revert to a straight life retirement allowance under this  
2 subsection effective the first of the month after the date the  
3 retirement system receives a certified copy of the judgment of  
4 divorce or award or order of the court. This subsection does not  
5 supersede a judgment of divorce or award or order of the court in  
6 effect on ~~the effective date of the amendatory act that added~~  
7 ~~this subsection~~ JULY 18, 1991. This subsection does not require  
8 the retirement system to distribute or pay retirement assets on  
9 behalf of a retirant in an amount that exceeds the actuarially  
10 determined amount that would otherwise become payable if a judg-  
11 ment of divorce had not been rendered.

12 (34) A county board of commissioners of a county having a  
13 population of more than 400,000 but less than 800,000, which  
14 county has an employee credit union organized under Act No. 285  
15 of the Public Acts of 1925, being sections 490.1 to 490.31 of the  
16 Michigan Compiled Laws, may include as a member of a plan under  
17 this section a past or present employee of the credit union, if  
18 that past or present employee has 5 or more years of service  
19 credit with that credit union on or before June 30, 1990.

20 (35) The county board of commissioners shall establish a  
21 written policy to implement the provisions of this section in  
22 order to provide uniform application of this section to all mem-  
23 bers of the plan.

24 (36) A PENSION, A RETIREMENT BENEFIT OR ALLOWANCE, AN ANNUI-  
25 TY, AN ENDOWMENT POLICY, AN OPTIONAL BENEFIT, OR ANY OTHER BENE-  
26 FIT ACCRUED OR ACCRUING TO A PERSON UNDER THIS SECTION IS SUBJECT  
27 TO TAXATION UNDER THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE

1 PUBLIC ACTS OF 1967, BEING SECTIONS 206.1 TO 206.532 OF THE  
2 MICHIGAN COMPILED LAWS.

3       Section 2. This amendatory act shall not take effect unless  
4 Senate Bill No. 131 of the 86th Legislature is enacted into law.