



**House
Legislative
Analysis
Section**

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SERS: CREDIT PURCHASED FOR MILITARY SERVICE

House Bill 4562

Sponsor: Rep. Lloyd F. Weeks

Committee: Appropriations

Complete to 10-24-95

A SUMMARY OF HOUSE BILL 4562 AS INTRODUCED 3-9-95

Under the State Employees' Retirement Act, a member of the retirement system who, during state employment, is drafted into the U.S. armed services and returns for reemployment with the state within six months of leaving military service is credited, at no cost to the member, for up to five years of service for retirement purposes for time served in the military. However, members inducted into military service at a time when they were not employed by the state, or who did not return to state employment within six months of leaving military service, may purchase service credit for up to five years of the active military service. To do this, a member must pay an amount equal to five percent of his or her full time compensation for the fiscal year in which the credit is purchased multiplied by the number of service years purchased, where the compensation amount used cannot be less than the highest fiscal year compensation previously received by the member. The bill would replace the provisions for calculating the cost to purchase service credit.

Under the bill, the cost of purchasing service credit for military service would be based on five percent of the annual amount of "basic pay" earned while serving in the military. In computing this amount, the retirement system would have to set the cost of the first year of service credit purchased at five percent of the most recent year of military service, and then use the amount earned in the immediately preceding year, and so forth, for up to five years. In addition, the bill would require the member to present verifiable documentation of the military service in order to purchase service credit.

MCL 38.18

House Bill 4562 (10-24-95)