



HOUSE BILL No. 4562

March 9, 1995, Introduced by Reps. Weeks, Kukuk, Mathieu, Alley, Middaugh, Johnson, Nye, Goschka, Horton, Jersevic, Pitoniak, Voorhees, Cropsey, Palamara, Rhead, Anthony, Jellema, Owen, Law, Bobier, Harder, Griffin, DeMars, Geiger, Hanley, Profit, Yokich, Dobronski, Wallace, Olshove, Bodem, Baird, Tesanovich, Green, Rocca, Jaye and Llewellyn and referred to the Committee on Appropriations.

A bill to amend section 18 of Act No. 240 of the Public Acts of 1943, entitled as amended

"State employees' retirement act,"

as amended by Act No. 177 of the Public Acts of 1990, being section 38.18 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 18 of Act No. 240 of the Public Acts of
2 1943, as amended by Act No. 177 of the Public Acts of 1990, being
3 section 38.18 of the Michigan Compiled Laws, is amended to read
4 as follows:

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

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

20 (2) On or after January 1, 1978 a member of this retirement
21 system who does not meet the requirements of subsection (1) and
22 who was drafted, enlisted, inducted, or commissioned into active
23 duty with the military or other armed service of the United
24 States government may ~~elect to receive~~ PURCHASE service credit
25 for not more than 5 years of active duty upon request, UPON PRE-
26 SENTATION OF DOCUMENTATION OF THE MILITARY OR OTHER ARMED SERVICE
27 RENDERED THAT IS VERIFIABLE FROM OFFICIAL RECORDS OR OTHER

1 ACCEPTABLE DOCUMENTATION AS DETERMINED BY THE RETIREMENT BOARD,
2 and UPON payment to the retirement system of an amount equal to
3 5% of the ~~member's full time compensation for the fiscal year in~~
4 ~~which payment is made multiplied by the years of service that the~~
5 ~~member elects to purchase up to the maximum~~ ANNUAL AMOUNT OF
6 BASIC PAY PAID TO THE MEMBER FOR EACH YEAR OR PORTION OF A YEAR
7 OF MILITARY OR OTHER ARMED SERVICE THAT THE MEMBER IS PURCHASING
8 UNDER THIS SECTION. IN COMPUTING THE AMOUNT OF THE PAYMENT UNDER
9 THIS SUBSECTION, THE RETIREMENT SYSTEM SHALL USE THE MOST RECENT
10 YEAR OR PORTION OF A YEAR OF MILITARY OR OTHER ARMED SERVICE THAT
11 THE MEMBER RENDERED FIRST AND THEN USE THE IMMEDIATELY PRECEDING
12 YEAR OF MILITARY OR OTHER ARMED SERVICE THAT THE MEMBER RENDERED,
13 UP TO 5 YEARS OF SERVICE. Service shall not be credited UNDER
14 THIS SUBSECTION if it is or would be credited under any other
15 federal, state, or local publicly supported retirement system,
16 but this restriction shall not apply to those persons who have or
17 will have acquired retirement eligibility under the federal gov-
18 ernment for service in the reserve. Armed service shall not be
19 credited under this subsection until the member has accumulated
20 the number of years of credited service needed to vest in the
21 retirement system. Armed service under this subsection shall not
22 be creditable to a member on deferred retirement status under
23 section 20(4) before ~~the effective date of this subsection~~ MAY
24 18, 1978. ~~For purposes of computing payment under this subsec-~~
25 ~~tion, the compensation amount used shall not be less than the~~
26 ~~highest fiscal year compensation previously received by the~~
27 ~~member.~~

1 (3) A person who was in the employ of the Michigan
2 employment service on January 1, 1942, the date on which the
3 employment service and its personnel were taken over by the
4 United States employment service, and who continued in the employ
5 of the United States employment service or who was temporarily
6 taken out of the United States employment service for service in
7 the war manpower commission or other government agency engaged in
8 the prosecution of the war and later returned to the United
9 States employment service, and whose service to the state, United
10 States government, and state again was continuous and who was in
11 the employ either of the United States employment service or of
12 this state on November 16, 1946, the date on which the employment
13 service was returned to the state, and who reentered state serv-
14 ice on or before that date, shall upon his reentry into the state
15 service become an original member of the retirement system, and
16 shall receive full service credit for the period during which the
17 personnel of the Michigan employment service was taken over by
18 the United States employment service.

19 (4) A person who entered into the employ of the Michigan
20 employment service while the employment service was under the
21 United States employment service and who retires after April 30,
22 1978, may receive service credit for the service under the United
23 States employment service by contributing to the retirement
24 system contributions the person would have made from July 1,
25 1943, to November 16, 1946, as if that service were rendered as a
26 state employee, plus the interest with which the contributions
27 would have been credited from the January following the year of

1 employment to the date of repayment. The salary on which
2 contributions are based shall be the salary received as a state
3 employee on November 16, 1946.

4 (5) A member who has prior service ~~as defined in section~~
5 ~~+(j) of this chapter~~ is entitled to credit for that prior serv-
6 ice if at the time of retirement the member has 15 or more years
7 of total service, of which the last 5 are continuous years of
8 service and if the member contributions equal the contributions
9 made or that would have been made for not less than 15 years of
10 membership service. In the computation of unpaid member contri-
11 butions, the contribution rate will be computed on the member's
12 salary level at retirement or date of payment, whichever first
13 occurs.