



SENATE BILL No. 172

January 31, 1995, Introduced by Senators STEIL and BENNETT
and referred to the Committee on Financial Services.

A bill to amend section 401 of Act No. 234 of the Public Acts of 1992, entitled "The judges retirement act of 1992," being section 38.2401 of the Michigan Compiled Laws; and to add section 309.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 401 of Act No. 234 of the Public Acts of
2 1992, being section 38.2401 of the Michigan Compiled Laws, is
3 amended and section 309 is added to read as follows:

4 SEC. 309. (1) THE RETIREMENT SYSTEM SHALL PROVIDE AN OPPOR-
5 TUNITY FOR EACH MEMBER WHO IS A MEMBER ON DECEMBER 31, 1995 TO
6 ELECT TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM AND ELECT
7 TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE DEFINED
8 CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE DEFINED
9 CONTRIBUTION PLAN ACT. THE RETIREMENT SYSTEM SHALL OFFER 1

1 OPPORTUNITY FOR A MEMBER TO ELECT TO TERMINATE MEMBERSHIP IN THE
2 RETIREMENT SYSTEM AND ELECT TO PARTICIPATE IN THE MICHIGAN PUBLIC
3 EMPLOYEE DEFINED CONTRIBUTION PLAN AND ONCE MADE, THE ELECTION IS
4 IRREVOCABLE BY THE MEMBER. THE MEMBER SHALL MAKE THE ELECTION
5 UNDER THIS SUBSECTION IN WRITING. OTHERWISE, THE METHOD OF ELEC-
6 TION SHALL BE DETERMINED BY THE RETIREMENT BOARD. THE RETIREMENT
7 SYSTEM SHALL BEGIN ACCEPTING WRITTEN ELECTIONS FROM MEMBERS ON
8 AND AFTER THE EFFECTIVE DATE OF THIS SECTION. THE RETIREMENT
9 SYSTEM SHALL NOT ACCEPT WRITTEN ELECTIONS FROM MEMBERS AFTER
10 NOVEMBER 1, 1996. IF THE MEMBER IS MARRIED AT THE TIME OF THE
11 ELECTION, THE ELECTION IS NOT EFFECTIVE UNLESS THE ELECTION IS
12 SIGNED BY THE MEMBER'S SPOUSE, EXCEPT THAT THIS REQUIREMENT MAY
13 BE WAIVED BY THE RETIREMENT BOARD IF THE SIGNATURE OF THE
14 MEMBER'S SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING
15 CIRCUMSTANCES. A MEMBER WHO MAKES A WRITTEN ELECTION UNDER THIS
16 SUBSECTION SHALL ELECT TO DO ALL OF THE FOLLOWING:

17 (A) CEASE TO BE A MEMBER OF THIS RETIREMENT SYSTEM EFFECTIVE
18 12 MIDNIGHT DECEMBER 31, 1996.

19 (B) BECOME A PARTICIPANT IN THE MICHIGAN PUBLIC EMPLOYEE
20 DEFINED CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE
21 DEFINED CONTRIBUTION PLAN ACT EFFECTIVE 12:01 A.M. ON JANUARY 1,
22 1997.

23 (C) EXCEPT AS PROVIDED IN SUBSECTION (2), WAIVE ALL OF HIS
24 OR HER RIGHTS TO A PENSION, AN ANNUITY, A RETIREMENT ALLOWANCE,
25 AN INSURANCE BENEFIT, OR ANY OTHER BENEFIT UNDER THIS ACT EFFEC-
26 TIVE 12 MIDNIGHT DECEMBER 31, 1996.

1 (2) THE RETIREMENT SYSTEM SHALL TRANSFER TO THE MICHIGAN
2 PUBLIC EMPLOYEE DEFINED CONTRIBUTION PLAN FOR EACH MEMBER WHO
3 ELECTS TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM UNDER
4 SUBSECTION (1) A LUMP SUM AMOUNT FROM THE RETIREMENT SYSTEM EQUAL
5 TO THE SUM OF THE FOLLOWING:

6 (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, AS OF 12
7 MIDNIGHT DECEMBER 31, 1996 FROM THE RESERVE FOR MEMBER
8 CONTRIBUTIONS.

9 (B) THE EXCESS, IF ANY, OF THE ACTUARIAL PRESENT VALUE OF
10 THE MEMBER'S ACCRUED RETIREMENT ALLOWANCE, OVER THE AMOUNT SPECI-
11 FIED IN SUBDIVISION (A), FROM THE RESERVE FOR EMPLOYEE
12 CONTRIBUTIONS. FOR PURPOSES OF THIS SUBDIVISION, THE MEMBER'S
13 ACCRUED RETIREMENT ALLOWANCE IS EQUAL TO THE RETIREMENT ALLOWANCE
14 COMPUTED BASED UPON THE MEMBER'S ESTIMATED CREDITED SERVICE AND
15 ESTIMATED FINAL AVERAGE COMPENSATION AS OF 12 MIDNIGHT DECEMBER
16 31, 1996. THE ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF 12
17 MIDNIGHT DECEMBER 31, 1996 AND SHALL BE BASED UPON ALL OF THE
18 FOLLOWING:

19 (i) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST, COMPOUNDED
20 ANNUALLY.

21 (ii) A 50% MALE AND 50% FEMALE GENDER NEUTRAL BLEND OF THE
22 MORTALITY TABLES USED TO PROJECT RETIRANT LONGEVITY IN THE
23 SEPTEMBER 30, 1995 ANNUAL ACTUARIAL VALUATION REPORT.

24 (iii) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S
25 ESTIMATED CREDITED SERVICE AS OF 12 MIDNIGHT DECEMBER 31, 1996.
26 THE BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGEST OF THE

1 FOLLOWING, BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF
2 12 MIDNIGHT DECEMBER 31, 1996:

3 (A) AGE 60.

4 (B) AGE 55, IF THE MEMBER'S ESTIMATED CREDITED SERVICE
5 EQUALS OR EXCEEDS 16 YEARS.

6 (C) THE MEMBER'S AGE AS OF 12 MIDNIGHT DECEMBER 31, 1996, IF
7 THE MEMBER'S ESTIMATED CREDITED SERVICE EQUALS OR EXCEEDS 25
8 YEARS.

9 (3) FOR PURPOSES OF SUBSECTION (2), THE MEMBER'S ESTIMATED
10 CREDITED SERVICE AND ESTIMATED FINAL AVERAGE COMPENSATION SHALL
11 BE ESTIMATED BASED UPON METHODS ADOPTED BY THE RETIREMENT BOARD.
12 FOR EACH MEMBER WHO ELECTS TO TERMINATE MEMBERSHIP IN THE RETIRE-
13 MENT SYSTEM UNDER SUBSECTION (1), THE RETIREMENT SYSTEM SHALL
14 RECOMPUTE THE AMOUNT TRANSFERRED UNDER SUBSECTION (2) NOT LATER
15 THAN DECEMBER 31, 1997 BASED UPON THE MEMBER'S ACTUAL CREDITED
16 SERVICE AND ACTUAL FINAL AVERAGE COMPENSATION AS OF 12 MIDNIGHT
17 DECEMBER 31, 1996. THE RETIREMENT SYSTEM SHALL TRANSFER FROM THE
18 RESERVE FOR EMPLOYEE CONTRIBUTIONS TO THE MICHIGAN PUBLIC
19 EMPLOYEE DEFINED CONTRIBUTION PLAN THE EXCESS, IF ANY, OF THE
20 RECOMPUTED AMOUNT OVER THE PREVIOUSLY TRANSFERRED AMOUNT TOGETHER
21 WITH INTEREST FROM 12 MIDNIGHT DECEMBER 31, 1996 TO THE DATE OF
22 THE TRANSFER UNDER THIS SUBSECTION, BASED UPON 8% EFFECTIVE
23 ANNUAL INTEREST, COMPOUNDED ANNUALLY.

24 Sec. 401. (1) ~~Each~~ EXCEPT AS PROVIDED IN SUBSECTION (4),
25 EACH of the following is a member of the retirement system:

26 (a) A person who is duly elected or appointed as a judge or
27 state official on or after the effective date of this act, unless

1 within 30 days from taking office the judge or state official
2 files a written notice not to participate in the retirement
3 system with the retirement system.

4 (b) A person who was a member of the former judges retire-
5 ment system or former probate judges retirement system on ~~the~~
6 ~~day before the effective date of this act~~ MARCH 30, 1993 and who
7 remains a judge or state official on and after ~~the effective~~
8 ~~date of this act~~ MARCH 31, 1993.

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

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

25 (3) The membership of a judge or state official in the
26 retirement system ceases when the member retires, when the
27 members forfeits his or her membership under the provisions of

1 section 507, at the end of the judicial term in which the member
2 who is a judge attains age 70, ~~or~~ upon ceasing' to be a judge or
3 state official unless the person is a vested former member, OR IN
4 THE MANNER PROVIDED IN SECTION 309.

5 (4) A PERSON WHO TAKES OFFICE AS A JUDGE OR STATE OFFICIAL
6 ON OR AFTER JANUARY 1, 1996 IS NOT A MEMBER OF THE RETIREMENT
7 SYSTEM, UNLESS THE PERSON IS A VESTED FORMER MEMBER.

8 Section 2. This amendatory act shall not take effect unless
9 Senate Bill No. 169
10 of the 88th Legislature is enacted into law.