

HOUSE BILL No. 4126

February 2, 1999, Introduced by Rep. Faunce and referred to the Committee on Local Government and Urban Policy.

A bill to regulate benefits provided to certain public employee retirement system participants in this state; and to prescribe powers and duties of certain retirement systems, state departments, public officials, and public employees.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "public employee retirement benefit regulation act".

3 Sec. 2. (1) For the purposes of this act, the words and
4 phrases defined in this section have the meanings ascribed to
5 them in this section.

6 (2) "Benefit" means an annuity, a pension, a retirement
7 allowance, or an optional benefit accrued or accruing to a par-
8 ticipant under a retirement system.

9 (3) "Participant" means a member, deferred member, or vested
10 former member of a retirement system.

1 (4) "Retirement system" means a public employee retirement
2 system created and established by a political subdivision of this
3 state.

4 Sec. 3. (1) Notwithstanding any other provision of law,
5 rule, ordinance, or resolution to the contrary, beginning on the
6 effective date of this act, a retirement system shall not use the
7 final compensation of a participant to calculate the
8 participant's benefit as a retirant under the retirement system,
9 unless the participant has received that final compensation
10 amount for a period of 6 months or more before the effective date
11 of retirement. If the participant has not received the final
12 compensation amount for 6 months or more, the retirement system
13 shall use the average of the participant's compensation received
14 over a period of 12 months before the effective date of
15 retirement.

16 (2) This section does not apply to any of the following:

17 (a) A retirement system that uses a final average compensa-
18 tion amount in the benefit calculation, which calculation aver-
19 ages compensation received by a participant over a period of 12
20 months or more before the effective date of retirement.

21 (b) A participant whose final compensation is less than a
22 compensation amount previously received for employment under that
23 retirement system for a period of 12 months or more before the
24 effective date of retirement.