

SENATE BILL No. 1474

November 4, 2004, Introduced by Senators PATTERSON, CROUSEY and BISHOP and referred to the Committee on Judiciary.

A bill to amend 1992 PA 234, entitled
"The judges retirement act of 1992,"
(MCL 38.2101 to 38.2670) by adding section 513.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 513. (1) Effective January 1, 2005, the retirement
2 allowance payable to a retirant or beneficiary of a deceased
3 retirant under Tier 1 is supplemented by the amount determined
4 under subsection (2).

5 (2) On or before April 1 of each state fiscal year, the
6 retirement system shall determine the amount by which the
7 actuarial value of the assets in Tier 1 exceed the present value
8 of expected future benefit payments for Tier 1 beneficiaries. If
9 the amount by which the actuarial value of the assets in Tier 1
10 exceed the present value of expected future benefit payments for
11 Tier 1 beneficiaries is an amount that will allow retirants and

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1 retirement allowance beneficiaries to receive individual
2 increases of \$900.00 per year, the retirement system shall grant
3 an increase of \$900.00 per year to each retirant and retirement
4 allowance beneficiary receiving retirement payments under this
5 act. In any year in which the actuarial value of assets exceeds
6 the present value of expected future benefit payments by an
7 amount less than the value of \$900.00 per retirant, the increase
8 shall be reduced on a pro rata basis to reflect an amount less
9 than \$900.00 per retirant. If the actuarial value of assets does
10 not exceed the present value of expected future benefits, no
11 increase will be given for that year.

12 (3) The percentage of final compensation limits of section
13 503 do not apply to the increase authorized by this section.

14 (4) The recalculated retirement allowance shall be the basis
15 on which future adjustments to the retirement allowance are
16 calculated.

17 (5) The supplement provided by this section shall be
18 calculated pursuant to subsection (2) and shall be paid
19 annually. For a retirant or beneficiary of a deceased retirant
20 who is eligible to receive a supplement under this section, who
21 is receiving a retirement allowance pursuant to service credited
22 under the former judges retirement system, and who is receiving a
23 retirement allowance pursuant to service credited under the
24 former probate judges retirement system, the retirement system,
25 pursuant to this section, shall only supplement the retirement
26 allowance that is the largest in amount. If a retirant dies
27 before July 1, 2005 and no benefits become payable under

1 section 506 or 508, the retirant's retirement allowance shall not
2 be supplemented under this section.