

# HOUSE BILL No. 6080

November 30, 2016, Introduced by Rep. Poleski and referred to the Committee on Local Government.

A bill to amend 1937 PA 345, entitled "Fire fighters and police officers retirement act," by amending sections 6, 6d, 6e, and 9 (MCL 38.556, 38.556d, 38.556e, and 38.559), section 6 as amended by 2003 PA 8, sections 6d and 6e as added by 1987 PA 145, and section 9 as amended by 2002 PA 98, and by adding section 9a.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 6. (1) ~~Age~~ **SUBJECT TO SECTION 9A, AGE** and service  
2       retirement benefits payable under this act are as follows:  
3       (a) A member who is 55 years of age or older and who has 25 or  
4       more years of service as a police officer or fire fighter ~~in the~~  
5       ~~employ of the~~ **EMPLOYED BY A** municipality affected by this act may  
6       retire from service ~~upon~~ **ON** written application to the retirement

1 board stating a date, not less than 30 days or more than 90 days  
2 after the execution and filing of the application, on which the  
3 member desires to be retired. The retirement board shall grant the  
4 benefits to which the member is entitled under this act, unless the  
5 member continues employment. If the member continues employment,  
6 the member's pension ~~shall~~**MUST** be deferred with service years of  
7 credit until actual retirement. ~~Upon~~**ON** the approval of the  
8 legislative body or the electors of a municipality under this act,  
9 a member under 50 years of age who has 25 or more years of service,  
10 or without the necessity for approval, a member 50 years of age or  
11 more who has 25 or more years of service, may leave service and  
12 receive the full retirement benefits payable throughout the  
13 member's life as provided in subdivision (e).

14 (b) A member who is 60 years of age or older shall be retired  
15 by the retirement board ~~upon~~**ON** the written application of the  
16 legislative body, or board or official provided in the charter of  
17 the municipality as head of the department in which the member is  
18 employed. ~~Upon~~**ON** retirement, the retirement board shall grant the  
19 benefits to which the member is entitled under this act, unless the  
20 member continues employment. If the member continues employment,  
21 the member's pension ~~shall~~**MUST** be deferred with service years of  
22 credit until actual retirement.

23 (c) A member who is 65 years of age shall be retired by the  
24 retirement board on the first day of the month following attainment  
25 of 65 years of age.

26 (d) A member who has 10 or more years of service ~~shall have~~**IS**  
27 vested **IN** retirement benefits that are not subject to forfeiture ~~on~~

1 ~~account~~ **BECAUSE** of disciplinary action, charges, or complaints. If  
2 the member leaves employment before the date the member would have  
3 first become eligible to retire as provided in subdivision (a) for  
4 any reason except the member's retirement or death, the member is  
5 entitled to a pension that ~~shall begin~~ **BEGINS** the first day of the  
6 calendar month immediately after the month in which the member's  
7 written application for the pension is filed with the retirement  
8 board that is on or after the date the member would have been  
9 eligible to retire had the member continued in employment. The  
10 retirement board shall grant the member the benefits to which the  
11 member is entitled under this act, unless the member resumes  
12 service. If the member resumes service, the member's pension ~~shall~~  
13 **MUST** be further deferred with service years of credit until the  
14 member actually retires.

15 (e) ~~Upon~~ **ON** retirement from service as provided in this  
16 subsection, a member shall receive a regular retirement pension  
17 payable throughout the member's life of 2% of the member's average  
18 final compensation multiplied by the first 25 years of service  
19 credited to the member, plus 1% of the member's average final  
20 compensation multiplied by the number of years, and fraction of a  
21 year, of service rendered by the member in excess of 25 years. A  
22 municipality under this act, ~~upon~~ **ON** approval of the legislative  
23 body or the electors of the municipality, may increase the  
24 percentage of the payment from 2% up to a maximum of 2.5%. If an  
25 increase is approved, the increase ~~shall~~ **MAY** not be reduced for  
26 members under the system at the time of the increase. The  
27 legislative body may also increase the percentage of employee

1 contributions. If a retired member dies before the total of regular  
2 pension payments received by the member equals the total of the  
3 member's contributions made to the retirement system, the  
4 difference between the member's total contributions and the total  
5 of the member's regular retirement pension payments received ~~shall~~  
6 **MUST** be paid in a single sum to the person or persons the member  
7 nominates by written designation ~~duly~~ executed and filed with the  
8 retirement board. If there is not a person or persons surviving the  
9 retired member, the difference, if any, ~~shall~~ **MUST** be paid to the  
10 retired member's legal representative or estate.

11 (f) As used in this section, "average final compensation"  
12 means the average of the highest annual compensation received by a  
13 member during a period of 5 consecutive years of service contained  
14 within the member's 10 years of service immediately preceding the  
15 member's retirement or leaving service. However, if so provided in  
16 a collective bargaining agreement entered into between a  
17 municipality under this act and the appropriate recognized  
18 bargaining agent, average final compensation may mean the average  
19 of the 3 years of highest annual compensation received by a member  
20 during the member's 10 years of service immediately preceding the  
21 member's retirement or leaving service. If the member has less than  
22 5 years of service, average final compensation means the annual  
23 average compensation received by the member during his or her total  
24 years of service.

25 (g) A member ~~shall be given~~ **IS ENTITLED TO** service credit for  
26 time spent in the military, naval, marine, or other armed service  
27 of the United States government during time of war, or other

1 national emergency recognized by the board, if the member was  
2 employed by the municipality at the time of entry into the armed  
3 service, and is or was reemployed by the municipality as a police  
4 officer or fire fighter within 6 months after the date of  
5 termination of his or her required enlistment or assignment in the  
6 armed service. A municipality by a 3/5 vote of its governing body  
7 or by a majority vote of the qualified electors may provide service  
8 credit for not more than 6 years of active military service to the  
9 United States government to a member who is employed ~~subsequent to~~  
10 **AFTER** this military service ~~upon~~**ON** payment to the retirement  
11 system of 5% of the member's full-time or equated full-time  
12 compensation for the fiscal year in which payment is made  
13 multiplied by the years of service that the member elects to  
14 purchase up to the maximum. Service is not creditable if it is or  
15 would be creditable under any other federal, state, or local  
16 publicly supported retirement system. However, this restriction  
17 does not apply to those persons who have or will have acquired  
18 retirement eligibility under the federal government for service in  
19 the reserve. A member ~~shall be given~~**IS ENTITLED TO** service credit  
20 for the time the member is absent from active service without full  
21 pay ~~on account~~**BECAUSE** of sickness or injury. If the absence from  
22 active service is due to nonservice connected sickness or injury,  
23 not more than 60 days of the absence ~~shall~~**MUST** be credited as  
24 service in any 1 calendar year, as determined by the retirement  
25 board.

26 (h) Before the effective date of the member's retirement as  
27 provided in this subsection, but not after the effective date of

1 the member's retirement, a member may elect to receive his or her  
 2 benefit in a pension payable throughout the member's life, called a  
 3 regular retirement pension, or the member may elect to receive the  
 4 actuarial equivalent, computed as of the effective date of  
 5 retirement, of the member's regular retirement pension in a reduced  
 6 retirement pension payable throughout the member's life, and  
 7 nominate a survivor beneficiary, under an option provided in this  
 8 subdivision. ~~Upon~~**ON** the death of a retirant who retires on or  
 9 after July 1, 1975, and who is receiving a regular retirement  
 10 pension, his or her spouse, if living, ~~shall~~**MUST** receive a pension  
 11 equal to 60% of the regular retirement pension the deceased  
 12 retirant was receiving. Benefits ~~shall~~**MUST** not be paid under this  
 13 subdivision ~~on account~~**BECAUSE** of the death of a retirant if the  
 14 member elected to receive his or her pension under an option  
 15 provided in this subdivision. As used in this subsection, "spouse"  
 16 means the person to whom the retirant was legally married on both  
 17 the effective date of retirement and the date of death. Except as  
 18 otherwise provided in this act, if a member fails to elect an  
 19 option before the effective date of retirement, ~~then~~ the pension  
 20 ~~shall~~**MUST** be paid as a regular retirement pension. A member may  
 21 elect 1 of the following options:

22 (i) Option I. ~~Upon~~**ON** the death of a retired member, his or  
 23 her reduced retirement pension ~~shall be continued~~**CONTINUES**  
 24 throughout the life of and **IS** paid to the person, having an  
 25 insurable interest in the retired member's life, that the member  
 26 nominated by written designation executed and filed with the  
 27 retirement board before the effective date of the member's

1 retirement.

2 (ii) Option II. ~~Upon~~**ON** the death of a retired member, 1/2 of  
 3 his or her reduced retirement pension ~~shall be continued~~**CONTINUES**  
 4 throughout the life of and **IS** paid to the person, having an  
 5 insurable interest in the retired member's life, that the member  
 6 nominated by written designation executed and filed with the  
 7 retirement board before the effective date of the member's  
 8 retirement.

9 (i) If a member continues in service on or after the date of  
 10 acquiring 20 years of service credit, does not have an option I  
 11 election provided for in subdivision (j) in force, and dies while  
 12 in service of the municipality before the effective date of the  
 13 member's retirement, leaving a surviving spouse, the spouse ~~shall~~  
 14 **MUST** receive a pension computed in the same manner as if the member  
 15 had retired effective the day preceding the date of the member's  
 16 death, elected option I provided for in subdivision (h), and  
 17 nominated the spouse as survivor beneficiary. ~~Upon~~**ON** the death of  
 18 the spouse, the pension ~~shall terminate~~**TERMINATES**. A pension  
 19 ~~shall~~**MUST** not be paid under this subdivision ~~on account~~**BECAUSE** of  
 20 the death of a member if benefits are paid under subsection (2) ~~on~~  
 21 ~~account~~**BECAUSE** of the member's death.

22 (j) A member who continues in service on or after the date of  
 23 acquiring 25 years of service credit may, at any time before the  
 24 effective date of the member's retirement, by written declaration  
 25 executed and filed with the board in the manner and form prescribed  
 26 by the board, elect option I provided for in subdivision (h) and  
 27 nominate a survivor beneficiary whom the board finds ~~to be~~**IS**

1 dependent ~~upon~~ **ON** the member for at least 50% of the beneficiary's  
 2 support. If a member who has an option I election provided for in  
 3 this subdivision in force dies while in service before the  
 4 effective date of the member's retirement, the member's survivor  
 5 beneficiary ~~shall~~ **MUST** immediately receive the same pension that  
 6 the survivor beneficiary would have been entitled to receive under  
 7 option I if the member had retired ~~pursuant to~~ **UNDER** this act  
 8 effective the day preceding the date of the member's death,  
 9 notwithstanding that the member may not have attained 55 years of  
 10 age. If a member who has an option I election provided for in this  
 11 subdivision in force subsequently retires ~~pursuant to~~ **UNDER** this  
 12 act, the member, within 90 days immediately preceding the effective  
 13 date of the member's retirement, but not after the effective date  
 14 of the member's retirement, may elect an option provided for in  
 15 subdivision (h). The option election is effective ~~as of~~ **ON** the  
 16 effective date of the member's retirement. A pension ~~shall~~ **MUST** not  
 17 be paid under this subdivision ~~on account~~ **BECAUSE** of the death of a  
 18 member if benefits are paid under subsection (2) ~~on account~~ **BECAUSE**  
 19 of the member's death.

20 (k) If a retirant receiving a reduced retirement pension under  
 21 subdivision (h) (i) or (ii) is divorced from the spouse who had been  
 22 named the retirant's survivor beneficiary under subdivision (h) (i)  
 23 or (ii), **THE RETIREMENT SYSTEM SHALL CONSIDER** the election of a  
 24 reduced retirement pension payment option ~~shall~~ **TO** be considered  
 25 void ~~by the retirement system~~ if the judgment of divorce or award  
 26 or order of the court, or an amended judgment of divorce or award  
 27 or order of the court, described in section 9 and dated after June

1 27, 1991, provides that the election of a reduced retirement  
2 pension payment option under subdivision (h) (i) or (ii) is to be  
3 considered void by the retirement system and the retirant provides  
4 a certified copy of the judgment of divorce or award or order of  
5 the court, or an amended judgment of divorce or award or order of  
6 the court, to the retirement system. If the election of a reduced  
7 retirement pension payment option under subdivision (h) (i) or (ii)  
8 is considered void by the retirement system under this subsection,  
9 the retirant's retirement pension ~~shall~~**MUST** revert to a regular  
10 retirement pension, including postretirement adjustments, if any,  
11 subject to an award or order of the court as described in the  
12 public employee retirement benefit protection act, **2002 PA 100, MCL**  
13 **38.1681 TO 38.1689**. The retirement pension ~~shall~~**MUST** revert to a  
14 regular retirement pension under this subdivision effective the  
15 first day of the month after the date the retirement system  
16 receives a certified copy of the judgment of divorce or award or  
17 order of the court. This subdivision does not supersede a judgment  
18 of divorce or award or order of the court in effect on June 27,  
19 1991. This subdivision does not require the retirement system to  
20 distribute or pay retirement assets on behalf of a retirant in an  
21 amount that exceeds the actuarially determined amount that would  
22 otherwise become payable if a judgment of divorce had not been  
23 rendered.

24 (2) ~~Disability~~**SUBJECT TO SECTION 9A, DISABILITY** and service  
25 connected death benefits payable under this act are as follows:

26 (a) To a surviving spouse, a duty death pension of the same  
27 amount each week as that which has been paid the surviving spouse

1 under the worker's disability compensation act of 1969, 1969 PA  
2 317, MCL 418.101 to 418.941, ~~to become~~ **IS** due and payable on the  
3 termination of the payments to the surviving spouse by a  
4 municipality under the worker's disability compensation act of  
5 1969, 1969 PA 317, MCL 418.101 to 418.941, and ~~to~~ **MUST** continue for  
6 the surviving spouse's life.

7 (b) If ~~death results to~~ a member **DIES** in the line of duty, and  
8 the member leaves surviving children, the children ~~shall~~ **MUST** be  
9 paid a pension of the same amount as that which has been paid to  
10 them as a weekly benefit under the worker's disability compensation  
11 act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to become due and  
12 payable ~~upon~~ **ON** termination of the payments under the worker's  
13 disability compensation act of 1969, 1969 PA 317, MCL 418.101 to  
14 418.941, and ~~to~~ **MUST** continue to each surviving child until he or  
15 she attains 18 years of age, or until his or her marriage or death  
16 before attaining 18 years of age.

17 (c) If ~~death results to~~ a member **DIES** in the line of duty and  
18 the member leaves other surviving dependents, the dependents ~~shall~~  
19 **MUST** receive a pension of the same amount as that which has been  
20 paid to them as a weekly benefit under the worker's disability  
21 compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to  
22 become due and payable ~~upon~~ **ON** termination of the payments under  
23 the worker's disability compensation act of 1969, 1969 PA 317, MCL  
24 418.101 to 418.941, and ~~to~~ **MUST** continue until the time the  
25 retirement board determines that the need for a pension no longer  
26 exists.

27 (d) ~~Upon~~ **ON** the application of a member or the member's

1 department head, a member who becomes totally incapacitated for  
2 duty ~~by reason~~ **BECAUSE** of a personal injury or disease occurring as  
3 the natural and proximate result of causes arising out of and in  
4 the course of the member's employment by the municipality shall be  
5 retired by the retirement board. The member ~~shall~~ **MUST** be given a  
6 medical examination by a medical committee consisting of a  
7 physician named by the retirement board, a physician named by the  
8 member claiming benefits, and a third physician designated by the  
9 first 2 physicians named. The medical committee, if determined by a  
10 majority opinion, shall certify in writing that the member is  
11 mentally or physically incapacitated for the further performance of  
12 duty as a police officer or fire fighter in the service of the  
13 municipality; that the incapacity is likely to be permanent; and  
14 that the member should be retired. ~~Upon~~ **ON** retirement for  
15 disability as provided in this subdivision, a member who has not  
16 attained 55 years of age ~~shall~~ **MUST** receive a disability retirement  
17 pension of 50% of the member's average final compensation, ~~which~~  
18 ~~shall be determined according to~~ **UNDER** subsection (1)(f), and ~~shall~~  
19 ~~be payable until the member becomes 55 years of age. Upon~~ **ON**  
20 becoming 55 years of age, the disabled member ~~shall~~ **MUST** receive a  
21 disability retirement pension computed ~~according to~~ **UNDER**  
22 subsection (1)(e). In computing the disability retirement pension,  
23 the member ~~shall be given~~ **IS ENTITLED TO** service credit for the  
24 period of receipt of a disability retirement pension before  
25 attainment of 55 years of age. If a member retired after attaining  
26 55 years of age ~~on account~~ **BECAUSE** of disability, as provided in  
27 this subdivision, the member ~~shall~~ **MUST** receive a disability

1 retirement pension computed ~~according to~~ **UNDER** subsection (1)(e),  
2 notwithstanding that the member may not have 25 years of service  
3 credit. The disability retirement pension provided for in this  
4 subdivision is subject to subdivisions (f) and (g).

5 (e) ~~Upon~~ **ON** the application of a member or the member's  
6 department head, a member in service who has 5 or more years of  
7 service credit and who becomes totally and permanently  
8 incapacitated for duty ~~by reason~~ **BECAUSE** of a personal injury or  
9 disease occurring as the result of causes arising outside the  
10 course of the member's employment by the municipality may be  
11 retired by the retirement board. The member ~~shall~~ **MUST** be given a  
12 medical examination by a medical committee consisting of a  
13 physician named by the retirement board, a physician named by the  
14 member claiming benefits, and a third physician designated by the  
15 first 2 physicians named. The medical committee, if determined by a  
16 majority opinion, shall certify in writing that the member is  
17 mentally or physically incapacitated for the further performance of  
18 duty as a police officer or fire fighter in the service of the  
19 municipality, that the incapacity is likely to be permanent, and  
20 that the member should be retired. ~~Upon~~ **ON** retirement for  
21 disability, as provided in this subdivision, a member who has not  
22 attained 55 years of age ~~shall~~ **MUST** receive a disability retirement  
23 pension until the member becomes 55 years of age, recovers, or  
24 dies, whichever occurs first, of 1.5% of the member's average final  
25 compensation multiplied by the number of years of service credited  
26 to the member. ~~Upon~~ **ON** becoming 55 years of age, the member's  
27 disability retirement pension ~~shall~~ **MUST** be increased to 2% of the

1 member's average final compensation multiplied by the number of  
2 years of service credited to the member at the time of his or her  
3 retirement. ~~Upon~~**ON** retirement for disability as provided in this  
4 subdivision, a member who is 55 years of age or older ~~shall~~**MUST**  
5 receive a disability retirement pension computed according to  
6 subsection (1)(e). This subdivision is subject to subdivisions (f)  
7 and (g).

8 (f) At least once each year during the first 5 years after the  
9 retirement of a member with a disability retirement pension and at  
10 least once in every 3-year period after disability retirement, the  
11 retirement board may, and ~~upon~~**ON** the retired member's application  
12 shall, require a retired member who has not attained 55 years of  
13 age to undergo a medical examination. The medical examination ~~shall~~  
14 **MUST** be given by or under the direction of a physician, designated  
15 by the retirement board, at the place of residence of the retired  
16 member or other place mutually agreed upon. If a retired member who  
17 has not attained 55 years of age refuses to submit to the medical  
18 examination in the period, the member's disability retirement  
19 pension may be discontinued by the retirement board. If the  
20 member's refusal continues for 1 year, all the member's rights to  
21 his or her disability retirement pension may be revoked by the  
22 retirement board. If ~~upon~~**ON** a medical examination of the retired  
23 member the physician reports to the retirement board that the  
24 retired member is physically capable of resuming employment in the  
25 classification held by the member at the time of retirement, the  
26 member ~~shall~~**MUST** be restored to active service ~~in the employ of~~  
27 **EMPLOYED BY** the municipality and payment of the disability

1 retirement pension ~~shall~~**MUST** cease if the report of the physician  
2 is concurred in by the retirement board. A retired member restored  
3 to active service ~~shall~~**MUST** again become a member of the  
4 retirement system from the date of return to service. The member  
5 shall contribute to the retirement system after restoration to  
6 active service in the same manner as before the member's disability  
7 retirement. Service credited to the member at the time of  
8 disability retirement ~~shall~~**MUST** be restored to full effect. The  
9 member ~~shall be given~~**IS ENTITLED TO** service credit for the period  
10 the member was receiving a duty disability retirement pension  
11 provided for in subdivision (d), but ~~shall~~**IS** not ~~be given~~**ENTITLED**  
12 **TO** service credit for the period the member was receiving a nonduty  
13 disability retirement pension provided for in subdivision (e).  
14 Amounts paid under the worker's disability compensation act of  
15 1969, 1969 PA 317, MCL 418.101 to 418.941, to a retired member  
16 ~~shall~~**MUST** be offset against and payable in place of benefits  
17 provided under this act. If the benefits under the worker's  
18 disability compensation act of 1969, 1969 PA 317, MCL 418.101 to  
19 418.941, are less than the benefits payable under this act, the  
20 amount to be paid out of the funds of the retirement system ~~shall~~  
21 **MUST** be the difference between the benefits provided under the  
22 worker's disability compensation act of 1969, 1969 PA 317, MCL  
23 418.101 to 418.941, and the benefits provided in this act. ~~Upon~~**ON**  
24 the termination of benefits under the worker's disability  
25 compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, the  
26 benefits ~~shall~~**MUST** be paid ~~pursuant to~~**UNDER** this act.

27 (g) Within 60 days before a member becomes 55 years of age, or

1 before retirement from service if retirement occurs after the  
 2 member becomes 55 years of age, a disabled member who is retired as  
 3 provided in subdivision (d) or (e) may elect to continue to receive  
 4 a disability retirement pension as a benefit terminating at death,  
 5 to be known as a regular disability pension, or may elect to  
 6 receive the actuarial equivalent, at that time, of a regular  
 7 disability pension in a reduced disability pension payable  
 8 throughout life ~~pursuant to~~ **UNDER** an option provided in subsection  
 9 (1)(h). If a disabled member fails to elect an option, as provided  
 10 in this subdivision, before becoming 55 years of age or before  
 11 retirement, the member's retirement pension ~~shall~~ **MUST** be paid to  
 12 the member as a regular disability pension terminating at death. If  
 13 a disabled member who has not elected an option provided in  
 14 subsection (1)(h) dies before the total of the member's regular  
 15 disability pension payments received equals or exceeds the total of  
 16 the member's contributions made to the retirement system, the  
 17 remainder, if any, ~~shall~~ **MUST** be paid in a single sum to the person  
 18 or persons nominated by the member by written designation ~~duly~~  
 19 executed and filed with the board. If there is not a designated  
 20 person or persons surviving, ~~then~~ the remainder, if any, ~~shall~~ **MUST**  
 21 be paid to the retired member's legal representative or estate.

22 Sec. 6d. ~~A~~ **SUBJECT TO SECTION 9A**, A municipality, by ordinance  
 23 or in another manner provided by law, may adopt from time to time  
 24 benefit programs providing for postretirement adjustments  
 25 increasing retirement benefits. ~~Such~~ **SUBJECT TO SECTION 9A, THE**  
 26 benefit programs may provide for 1-time postretirement percentage  
 27 increases in retirement benefits; annual or other periodic

1 postretirement percentage increases in retirement benefits; lump  
 2 sum postretirement distributions; or any other method considered  
 3 appropriate by the municipality. ~~The~~ **SUBJECT TO SECTION 9A, THE**  
 4 retirement benefit payable after making an adjustment ~~pursuant to~~  
 5 **UNDER** the benefit program adopted ~~shall~~ **MUST** be the new retirement  
 6 benefit payable until the next adjustment, if any, is made.

7       Sec. 6e. Notwithstanding any other provisions of this act, any  
 8 matter relating to the retirement system provided by this act,  
 9 including, but not limited to, postretirement adjustment increases,  
 10 applicable to current employees represented by a collective  
 11 bargaining agent is ~~a mandatory subject of bargaining under the~~  
 12 ~~public employment relations act, Act No. 336 of the Public Acts of~~  
 13 ~~1947, being sections 423.201 to 423.216 of the Michigan Compiled~~  
 14 ~~Laws.~~ **TO 1947 PA 336, MCL 423.201 TO 423.217.**

15       Sec. 9. (1) ~~The~~ **SUBJECT TO SECTION 9A, THE** contributions of a  
 16 member to the retirement system ~~shall~~ **MUST** be 5% of the salary paid  
 17 to the member by the municipality. The officer responsible for  
 18 making up the payroll shall cause the contributions provided for in  
 19 this subsection to be deducted from the salary of each member on  
 20 each payroll for each payroll period ~~so long as~~ **WHILE** he or she  
 21 remains an active member ~~in the employ of~~ **EMPLOYED BY** the  
 22 municipality. The amounts deducted ~~shall~~ **MUST** be paid into the  
 23 funds of the retirement system. The members' contributions provided  
 24 for in this act ~~shall~~ **MUST** be made notwithstanding that the minimum  
 25 salary provided for by law is changed by the members'  
 26 contributions. ~~Every~~ **A** member ~~shall be~~ **IS** considered to consent and  
 27 to agree to the deductions made and provided for in this act and

1 shall receipt for his or her full salary and payment of his or her  
2 salary less the deduction, which is a full and complete discharge  
3 and acquittance of all claims and demands for the services rendered  
4 by the member during the period covered by the payment, except as  
5 to benefits provided by this retirement system.

6 (2) For the purpose of creating and maintaining a fund for the  
7 payment of the pensions and other benefits payable as provided in  
8 this act, the municipality, subject to the provisions of this act,  
9 shall appropriate, at the end of such regular intervals as may be  
10 adopted, quarterly, semiannually, or annually, an amount sufficient  
11 to maintain actuarially determined reserves covering pensions  
12 payable or that might be payable ~~on account~~ **BECAUSE** of service  
13 performed and to be performed by active members, and pensions being  
14 paid to retired members and beneficiaries. The appropriations to be  
15 made by the municipality in any fiscal year ~~shall~~ **MUST** be  
16 sufficient to pay all pensions due and payable in that fiscal year  
17 to all retired members and beneficiaries. The amount of the  
18 appropriation in a fiscal year ~~shall~~ **MUST** not be less than 10% of  
19 the aggregate pay received during that fiscal year by members of  
20 the retirement system unless, by actuarial determination, it is  
21 satisfactorily established that a lesser percentage is needed. All  
22 deductions and appropriations ~~shall~~ **MUST** be payable to the  
23 treasurer of the municipality and he or she shall pay the  
24 deductions and appropriations into the retirement system. Except in  
25 municipalities that are subject to the 15 mill tax limitation as  
26 provided by section 6 of article IX of the state constitution of  
27 1963, the amount required by taxation to meet the appropriations to

1 be made by municipalities under this act ~~shall~~**MUST** be in addition  
2 to any tax limitation imposed ~~upon~~**ON** tax rates in those  
3 municipalities by charter provisions or by state law subject to  
4 section 25 of article IX of the state constitution of 1963.

5 (3) ~~If,~~**SUBJECT TO SECTION 9A, IF,** at the beginning or during  
6 any fiscal year, ~~it has been satisfactorily determined by the~~  
7 retirement board **DETERMINES** that the accumulated funds of the  
8 retirement system plus the municipality's contribution of 10% of  
9 the aggregate pay received during that fiscal year by members of  
10 the retirement system plus members' contributions of 5% of payroll,  
11 are insufficient to pay all pensions and other benefits due and  
12 payable in that year out of funds of the retirement system, ~~then~~  
13 all pensions and other benefits payable ~~shall~~**MUST** be prorated for  
14 the remainder of the fiscal year by the retirement board.

15 (4) Any clerical, legal, actuarial, or medical expenses  
16 required by the retirement board, or any other necessary expense  
17 for the operation of the retirement system, shall be provided for  
18 by the municipality or shall be paid from the investment income of  
19 the retirement system, as determined by the governing body of the  
20 municipality. The retirement board shall submit expenses  
21 periodically to the governing body of the municipality. If use of  
22 investment income to pay these expenses causes an actuarial  
23 insufficiency in the assets of the retirement system used to pay  
24 pensions, **THE MUNICIPALITY SHALL MAKE UP** the insufficiency. ~~shall~~  
25 ~~be made up by the municipality.~~

26 (5) All pensions allowed and payable to retired members and  
27 beneficiaries under this act ~~shall become~~**ARE** obligations of and

1 **MUST** be payable from the funds of the retirement system.

2 (6) The right of ~~a person~~ **AN INDIVIDUAL** to a pension, to the  
3 return of member contributions, **OR** to any optional benefits, or any  
4 other right accrued or accruing to a member or beneficiary under  
5 this act, and the money belonging to the retirement system is  
6 subject to the public employee retirement benefit protection act,  
7 **2002 PA 100, MCL 38.1681 TO 38.1689.**

8 **SEC. 9A. A RETIREMENT SYSTEM UNDER THIS ACT IS SUBJECT TO THE**  
9 **LOCAL UNIT OF GOVERNMENT RETIREMENT ACT.**

10 Enacting section 1. This amendatory act does not take effect  
11 unless Senate Bill No. \_\_\_\_ or House Bill No. 6074 (request no.  
12 06264'16 \*) of the 98th Legislature is enacted into law.