

THE JUDGES RETIREMENT ACT OF 1992 (EXCERPT)

Act 234 of 1992

ARTICLE III

38.2301 Actuary; duties.

Sec. 301. (1) The retirement system shall direct the actuary to do all of the following:

(a) Determine the annual level percent of payroll contribution rate to finance the benefits provided under this act by actuarial valuation pursuant to subsections (2) and (3), and upon the basis of the risk assumptions that the retirement board and the department adopt after consultation with the state treasurer and the actuary.

(b) Make an annual actuarial valuation of the retirement system in order to determine the actuarial condition of the retirement system and the required contribution to the retirement system.

(c) Make an annual actuarial gain-loss experience study of the retirement system in order to determine the financial effect of variations of actual retirement system experience from projected experience.

(2) The actuary shall compute the contribution rate for monthly benefits payable in the event of death of a member before retirement or the disability of a member using a terminal funding method of actuarial valuation.

(3) The actuary shall compute the contribution rate for benefits other than those described in subsection (2) using an individual projected benefit entry age normal actuarial cost method. The contribution rate for service that may be rendered in the current year, known as the normal cost contribution rate, is equal to the aggregate amount of individual entry age normal costs divided by 1% of the aggregate amount of active members' valuation compensation. The contribution rate for unfunded service rendered on or before the last day of the fiscal year, known as the unfunded actuarial accrued liability contribution rate, is equal to the aggregate amount of unfunded actuarial accrued liabilities divided by 1% of the actuarial present value over a period not to exceed 40 years of projected benefit compensation, where unfunded actuarial accrued liabilities are equal to the actuarial present value of benefits reduced by the actuarial present value of future normal costs and the actuarial value of assets on the last day of the fiscal year.

History: 1992, Act 234, Eff. Mar. 31, 1993.

Compiler's note: In subsection (3), the instances of "1%" were originally printed with the numeral "1" represented by the alphabet character "l" and evidently should read "1%."

38.2302 Annual appropriation; determination and certification of amount.

Sec. 302. (1) Except as provided in subsection (2), the legislature shall annually appropriate to the retirement system the amount determined under subsection (2) in order to fund the retirement system on an estimated basis for the fiscal year for which the appropriation is made. The legislature shall annually appropriate to the retirement system the amount determined under subsection (3) in order to reconcile the estimated appropriation made in the previous fiscal year with the actual appropriation needed to adequately fund the retirement system for the previous fiscal year.

(2) The legislature shall annually appropriate to the retirement system an amount equal to 3.5% of the aggregate annual compensation or the difference between the sum of the contribution rates determined under section 301(2) and (3) multiplied by the aggregate annual compensation and the estimated revenue from court fees under section 304, whichever is greater. The department shall submit the amount determined under this subsection in the executive budget to the legislature for appropriation in the next fiscal year. If the department receives notification from the United States internal revenue service that this subsection will cause the retirement system to be disqualified for tax purposes under the internal revenue code, this subsection does not apply and subsection (4) applies.

(3) Not later than 60 days after the termination of each state fiscal year, the bureau of retirement systems shall certify to the director of the department the actual aggregate annual compensation paid to all active members during the preceding state fiscal year and the difference, if any, between the actual actuarial funding requirement and the sum of the actual revenue received by the retirement system during the preceding fiscal year from the appropriation pursuant to subsection (2) or (4), whichever is applicable, employer contributions pursuant to section 303, court filing fees pursuant to section 304, and mandatory member contributions pursuant to section 305. The department shall submit the amount determined under this subsection in the executive budget to the legislature for appropriation in the next fiscal year.

(4) If applicable, the bureau of retirement systems in the department shall certify to the director of the department an amount equal to the difference between the estimated actuarial funding requirement for the next fiscal year and the sum of the estimated revenue to be received by the retirement system during the next fiscal year from employer contributions pursuant to section 303, court fees pursuant to section 304, and

mandatory member contributions pursuant to section 305. The department shall submit the amount determined under this subsection in the executive budget to the legislature for appropriation in the next fiscal year.

History: 1992, Act 234, Eff. Mar. 31, 1993.

38.2303 Thirty-sixth district court; annual contribution; amount; plan 3b or 3c member supplemental salary payment.

Sec. 303. (1) The reporting unit for the district court in the thirty-sixth district shall contribute annually to the retirement system for each member who is a judge of the thirty-sixth district court an amount equal to the product of the total annual additional salary paid to the member pursuant to section 8202 of the revised judicature act of 1961, Act No. 236 of the Public Acts of 1961, being section 600.8202 of the Michigan Compiled Laws, and the annual level percent of payroll contribution rate determined under section 301. The supreme court shall subtract the figure calculated in this subsection from the salary standardization payment paid to the reporting unit for the thirty-sixth district, prorated on the basis of the frequency with which this state makes salary standardization payments to the reporting unit.

(2) The reporting unit that pays a plan 3b member's or a plan 3c member's supplemental salary shall contribute annually to the retirement system an amount equal to the product of \$2,250.00 of the state salary standardization payment and the annual level percent required to fund the retirement system. The supreme court shall subtract the figure calculated in this subsection from the salary standardization payment paid to the reporting unit that pays the judge's salary prorated on the basis of the frequency with which this state makes salary standardization payments to the reporting unit that pays the judge's supplemental salary.

History: 1992, Act 234, Eff. Mar. 31, 1993.

***** 38.2304 SUBSECTION (4) MAY NOT APPLY: See (4) of 38.2304 *****

38.2304 Deposit of court fees, late fees, and interest payments.

Sec. 304. (1) Except as provided in subsection (4), the retirement system shall transmit all court fees received by the executive secretary and all late fees and interest payments received under this section to the state treasurer for deposit in the reserve for employer contributions where these assets and earnings on these assets shall be treated as pension assets.

(2) The retirement board may periodically establish a late fee and interest rate for all court fees that are not submitted to the executive secretary as prescribed in subsection (3). The retirement board shall establish a late fee of \$50.00 or more and an interest rate of 12% or more per year for a late transmittal of court fees.

(3) If the county treasurer, clerk of the circuit court, or clerk of the district court fails to transmit to the executive secretary all court fees by the twentieth day of the month following the month in which they are collected under the revised judicature act, the retirement system shall assess a late fee for each late transmittal and an interest payment for each day the transmittal is late. Upon written notice from the executive secretary to the director of the supreme court finance office, the state treasurer shall withhold payment of the amount due under this section for late court fees, late fees, and interest payments from the salary standardization payment payable to a county or district control unit that fails to make timely court fee transmittals as required by this section.

(4) When the retirement system determines that the amount of court fees deposited into the reserve for employer contributions under subsection (1) equals the amount needed in addition to other publicly financed contributions to sustain the required level of publicly financed contributions, based upon the most recent actuarial valuation available at the beginning of the applicable fiscal year, the executive secretary shall transmit to the state treasurer the remainder of the court fees received during the fiscal year for deposit into the court fee fund created by section 217 where these assets and any earnings on these assets shall not be treated as pension assets for any purpose. This subsection applies unless the department receives notification from the United States internal revenue service that this subsection will cause the retirement system to be disqualified for tax purposes under the internal revenue code.

History: 1992, Act 234, Eff. Mar. 31, 1993;—Am. 2002, Act 95, Imd. Eff. Mar. 27, 2002.

38.2305 Contributions; plan member classification; manner of payment; withholding payment to county or district control unit for contributions not received within 60 days.

Sec. 305. (1) Each member, upon taking office and so long as he or she remains in office, shall make contributions to the retirement system according to the applicable plan member classification as follows:

(a) A plan 1 member or a plan 2 member shall contribute 5% of the member's compensation. From this contribution, the retirement system shall deposit an amount equal to 2.0% of the member's compensation into

the reserve for health benefits for hospital and medical-surgical and sick care benefits as provided in section 509.

(b) A plan 3a member, a plan 3b member, or a plan 5 member shall contribute 3.5% of the member's compensation.

(c) A plan 3c member, a plan 4 member, a plan 6 member, or a plan 7 member shall contribute 7% of the member's compensation. However, a plan 6 member shall not contribute more than \$980.00 annually.

(2) The retirement board shall determine the manner in which member contributions are paid. Except as otherwise provided in this section, the retirement system shall credit member contributions when received to the reserve for member contributions.

(3) Upon written notice from the executive secretary to the state court administrator, the state treasurer shall withhold payment of the amount due from the salary standardization payment payable to a county or district control unit for member contributions that are not received by the retirement system within 60 days after the due date.

History: 1992, Act 234, Eff. Mar. 31, 1993;—Am. 2002, Act 95, Imd. Eff. Mar. 27, 2002.

38.2306 Member contributions picked up by state; tax treatment; contributions picked up by employer of judge in Detroit recorder's court, thirty-sixth district court, or probate court or by resolution or act of governing body; contributions picked up by state pursuant to MCL 38.2402, MCL 38.2403, or MCL 38.2404.

Sec. 306. (1) This state shall pick up member contributions required by section 305 for all compensation paid after December 31, 1982, for members who receive a salary paid by this state. Contributions picked up are treated as employer contributions in determining tax treatment under the internal revenue code. Contributions picked up under this subsection are not included as gross taxable income of the member until disbursement from the retirement system. This state shall pay picked up member contributions from the same source of funds that is used for paying compensation to the member. This state shall pick up member contributions by either a reduction in the member's cash salary, an offset against a future salary increase, or a combination of a reduction in cash salary and an offset against a future salary increase. Member contributions picked up are treated for all purposes in the same manner and to the same extent as member contributions made on or before December 31, 1982.

(2) The employer of a member who is a judge of the recorder's court of the city of Detroit, of the district court in the thirty-sixth district, or of the probate court, by resolution or other enabling act of the governing body, may pick up the contributions required by section 305 for all compensation paid after December 31, 1982, and reported to the retirement system. If the employer does not pick up the contributions, the employer shall continue to deduct the amount that could have been picked up under this subsection from the member's compensation. Contributions picked up are treated as employer contributions in determining tax treatment under the internal revenue code. Contributions picked up under this subsection are not included as gross taxable income of the member until disbursement from the retirement system. The employer shall pay member contributions picked up by the employer from the same source of funds that is used for paying compensation to the member. The employer may pick up these contributions by either a reduction in the member's cash salary, an offset against a future salary increase, or a combination of a reduction in cash salary and an offset against a future salary increase. Member contributions picked up are treated for all purposes in the same manner and to the same extent as member contributions made before the date picked up.

(3) This state shall pick up member contributions required as a result of a member's repaying the member's previously withdrawn accumulated contributions, plus interest, pursuant to section 402(3)(b), or a member's election to purchase service credits pursuant to section 403 or 404. Subsection (1) applies with respect to these contributions. The department shall determine the manner in which such contributions are paid. This subsection does not apply until the department receives notification from the United States internal revenue service that contributions picked up by this state pursuant to this subsection shall not be included as gross income of the member until they are distributed or made available to the member, retiree, retirement allowance beneficiary, or refund beneficiary.

History: 1992, Act 234, Eff. Mar. 31, 1993;—Am. 1999, Act 215, Eff. May 30, 2000.

38.2307 Disposition of unclaimed retirement allowance or money payable on separation or death.

Sec. 307. Upon the separation from service by a member or upon the death of a retiree, a retirement allowance beneficiary, or a refund beneficiary, any unclaimed retirement allowance or other money otherwise payable on account of the separation or death remains a part of the reserve in which it is deposited until claimed by the separated member, retirement allowance beneficiary, refund beneficiary, or the estate or legal

representative of a separated member, retirement allowance beneficiary, or refund beneficiary.

History: 1992, Act 234, Eff. Mar. 31, 1993.

38.2308 Offsetting benefits against amounts owed; forfeiture of service credit for transfer to federal agency; rights subject to public employee retirement benefit protection act.

Sec. 308. (1) The retirement system may offset retirement benefits or refunds payable under this act against amounts owed to the retirement system by a member, vested former member, retirant, retirement allowance beneficiary, or refund beneficiary.

(2) If the retirement system is required by the federal government pursuant to a court order to transmit a part of a member's accumulated contributions to a federal agency, the service credit that is covered by the payment shall be forfeited in the same manner as if the employee had requested and been paid a refund of the member's most recent contributions.

(3) The right of a person to a retirement allowance, to the return of accumulated contributions, to an optional benefit, to any other right accrued or accruing to a member or beneficiary under this act, and to the money belonging to the retirement system is subject to the public employee retirement benefit protection act.

History: 1992, Act 234, Eff. Mar. 31, 1993;—Am. 2002, Act 95, Imd. Eff. Mar. 27, 2002.