

Act No. 274  
Public Acts of 1990  
Approved by the Governor  
December 3, 1990  
Filed with the Secretary of State  
December 3, 1990

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1990**

Introduced by Reps. Gubow, Barns, DeMars, Gire, Hart, Webb, Niederstadt, DeBeaussaert, Alley, Varga, Stupak, Jondahl, Wallace, Fitzgerald, Runco and Brown

# **ENROLLED HOUSE BILL No. 5241**

AN ACT to amend sections 4 and 5 of Act No. 88 of the Public Acts of 1961, entitled "An act to provide for the preservation and continuity of retirement system service credits for public employees who transfer their employment between units of government," section 4 as amended by Act No. 15 of the Public Acts of 1988, being sections 38.1104 and 38.1105 of the Michigan Compiled Laws; and to add section 6.

*The People of the State of Michigan enact:*

Section 1. Sections 4 and 5 of Act No. 88 of the Public Acts of 1961, section 4 as amended by Act No. 15 of the Public Acts of 1988, being sections 38.1104 and 38.1105 of the Michigan Compiled Laws, are amended and section 6 is added to read as follows:

Sec. 4. A member of a reciprocal retirement system who leaves the employ of a reciprocal unit, designated as the preceding reciprocal unit, and enters the employ of another governmental unit, designated as the succeeding governmental unit, shall be entitled to a retirement allowance payable by the preceding reciprocal unit's retirement system subject to the following conditions:

(a) The member has 30 months or more of credited service in force acquired in the employ of the preceding reciprocal unit.

(b) The member does not withdraw his or her accumulated deposits from the preceding reciprocal unit's retirement system, or if the member has withdrawn the accumulated deposits, the member deposits with the preceding reciprocal unit the amount withdrawn together with interest compounded annually at the rate in effect for the preceding reciprocal unit; the deposit to be made within 5 years after the date the member becomes employed by the succeeding governmental unit.

(c) The member enters the employ of each succeeding governmental unit within 15 years after the date of leaving the employ of each preceding governmental unit.

(d) The member's credited service in force with the preceding reciprocal retirement systems plus the member's credited service acquired in the employ of succeeding governmental units equals or exceeds the minimum credited service required for age and service retirement in the applicable preceding reciprocal retirement system.

(e) The retirement allowance payable by any preceding reciprocal retirement system shall be determined at the time the member ceased to be a member of the preceding reciprocal retirement system, upon the basis of the retirement allowance formula of the preceding reciprocal retirement system, the member's credited service in force in the preceding reciprocal retirement system, and the member's final average salary at that time.

(f) Payment of a retirement allowance by a preceding reciprocal retirement system shall begin on the first day of the second calendar month immediately following the month in which proper written application is filed with the governing body of the preceding reciprocal retirement system on or after attainment of 60 years of age. The retirement allowance shall not begin before attainment of the minimum age for age and service retirement required in the preceding reciprocal retirement system.

Sec. 5. A member of a reciprocal retirement system who has 30 months or more of credited service acquired as a member of the system and who has attained the age but has not met the service requirements for age and service retirement shall be entitled to use his or her credited service in force previously acquired as a member of governmental unit retirement systems in meeting the service requirements of the system from which he or she retires. If the member has a break in governmental unit employment for a period longer than 15 years, his or her service rendered in the employ of the governmental units prior to his or her last break in service shall not be used in satisfying the service requirement for age and service retirement in the system from which he or she retires. Except as provided in section 6, credited service acquired in a governmental unit in which the member was previously employed shall not be used in determining the amount of his or her retirement allowance payable by the reciprocal retirement system from which he or she retires unless otherwise provided by the retirement system.

Sec. 6. (1) A reciprocal unit, designated as the preceding reciprocal unit, may enter into an agreement with a reciprocal unit, designated as the succeeding reciprocal unit, to transfer credited service of a member who leaves the employ of the preceding reciprocal unit and enters the employ of the succeeding reciprocal unit. The agreement shall be by resolution of the governing body of each reciprocal unit. The resolution shall specify the amount of credited service being transferred from the preceding reciprocal unit to the member's credit in the succeeding reciprocal unit and the amount of financial consideration being transferred from the preceding reciprocal unit to the succeeding reciprocal unit. The financial consideration transferred under this section shall not be greater than the larger of the following:

(a) The accumulated contributions of the member whose credited service is being transferred.

(b) The actuarial present value of the retirement allowance payable by the preceding reciprocal unit under section 4 if the preceding reciprocal unit does not transfer the member's credited service under this section.

(2) A succeeding reciprocal unit, before passing a resolution described in subsection (1), shall determine the actuarial present value of the retirement allowance that will be payable to the member under the retirement plan of the succeeding reciprocal unit attributable to the credited service to be transferred under subsection (1).

(3) The actuarial present value of the retirement allowance payable by the preceding reciprocal unit under subsection (1) and by the succeeding reciprocal unit under subsection (2) shall be calculated using the interest rate and mortality tables specified by the Pension Benefit Guarantee Corporation for calculating the actuarial present value of immediate and deferred pensions under a terminated pension plan as provided in part 2619 of subchapter C of chapter XXVI of title 29 of the Code of Federal Regulations, 29 C.F.R. part 2619.

(4) Each reciprocal unit, by resolution of the governing body of the reciprocal unit, shall establish a written policy to implement the provisions of this section in order to provide uniform application of this section to all members of the reciprocal retirement system.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.