

Act No. 191
Public Acts of 1989
Approved by the Governor
August 25, 1989
Filed with the Secretary of State
August 25, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Senators Nichols, Gast and Shinkle

ENROLLED SENATE BILL No. 362

AN ACT to amend sections 3, 9, 14, 30, and 42 of Act No. 182 of the Public Acts of 1986, entitled "An act to provide for the Michigan department of state police retirement system; to create certain reserves and certain funds for this retirement system; to provide for the creation of a retirement board within the department of management and budget; to prescribe the powers and duties of the retirement board; to prescribe the powers and duties of the department of state police, the department of management and budget, and certain state officers; and to repeal certain acts and parts of acts," being sections 38.1603, 38.1609, 38.1614, 38.1630, and 38.1642 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 3, 9, 14, 30, and 42 of Act No. 182 of the Public Acts of 1986, being sections 38.1603, 38.1609, 38.1614, 38.1630, and 38.1642 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 3. (1) "Credited service" means the sum of the prior service and membership service credited to a member's account.

(2) "Deferred member" means a member who separates from service with entitlement to a deferred retirement allowance as provided in section 30, but who is not a retirant.

(3) "Department" means the department of management and budget.

(4) "Final average compensation" means the average annual salary for the last 2 years of service with the department of state police for which the member was compensated. In the case of a nonclassified member of the department holding the rank of colonel, final average compensation means the same average annual salary as that computed for the highest salaried classified member of the department, or at the average annual salary for the last 2 years of service with the department of state police for which the member was compensated, whichever is greater. Average annual salary includes only the following compensation items:

(a) Regular salary paid for the last 2 years of service, including, but not limited to, that salary which is deferred pursuant to a state deferred compensation program.

(b) Overtime, shift differential, and shift differential overtime paid for the last 2 years of service.

(c) Gross pay adjustments paid affecting the last 2 years of service, including compensatory time and emergency response compensation.

(d) Up to a maximum of 240 hours of accumulated annual leave, paid at the time of retirement separation.

(e) Deferred hours under Plan B of the fiscal years ending September 30, 1981, and September 30, 1982, that are paid at the time of retirement separation.

(f) Longevity pay equal to 2 full years.

- (g) Bomb squad pay paid for the last 2 years of service.
- (h) Post 29 freeway premium paid for the last 2 years of service.
- (i) On-call pay paid for the last 2 years of service.

Sec. 9. (1) The state treasurer shall be treasurer of the retirement system and shall have investment authority, including the custodianship of the funds of the retirement system, and shall have fiduciary responsibility with regard to the investment of funds from the reserves of the retirement system. The investment of the funds of the retirement system shall be subject to the limitations provided in Act No. 314 of the Public Acts of 1965, being sections 38.1132 to 38.1140i of the Michigan Compiled Laws.

(2) The state treasurer shall deposit the funds of the retirement system in the same manner and subject to the law governing the deposit of state funds by the treasurer. Income earned by the retirement system's reserves shall be credited to the respective reserves under this act that have earned the income.

Sec. 14. (1) The funding objective of the retirement system is to establish and receive contributions during each fiscal year that are sufficient to fully cover the actuarial cost of benefits likely to be paid on account of services rendered by members during the fiscal year, the normal cost requirements of the retirement system, and finance the unfunded actuarial costs of benefits likely to be paid on account of service rendered prior to the fiscal year, the unfunded actuarial accrued liability of the retirement system, and health, dental, and vision insurance.

(2) The annual level percentage of payroll contribution rate shall be actuarially determined using experience assumptions and level percent of payroll actuarial cost methods adopted by the retirement board and the department pursuant to an annual actuarial valuation, which shall be sufficient to finance benefits being provided and to be provided by the retirement system.

Sec. 30. (1) A member who resigns, dies, is transferred to a position not covered by the retirement system, or is dismissed for a reason other than his or her retirement or breach of the public trust, and who meets the requirements of subsection (3) or who has been a member under this act or former Act No. 251 of the Public Acts of 1935, or both, for 10 or more years, is entitled to a deferred retirement allowance in lieu of a payment of a refund of his or her contributions as provided in section 23. The retirement allowance of a deferred member who retires under this section on or after October 1, 1986 shall equal 2% of the deferred member's final average compensation times the number of years, including any fraction of a year, of service credited to the deferred member pursuant to this act or former Act No. 251 of the Public Acts of 1935, or both, but not to exceed 25 years. The payment shall not begin before the date the deferred member becomes 50 years of age, and shall continue during the life of a surviving spouse. The entitlement to a deferred retirement allowance under this section is forfeited if a deferred member is paid a refund of his or her contributions. If a deferred member dies before becoming 50 years of age, the deferred retirement allowance shall be paid to his or her surviving spouse or dependent children on the first day of the month following the date the retirant would have attained 50 years of age.

(2) If a member has qualified for a deferred retirement allowance under subsection (1) and has not forfeited his or her retirement allowance and subsequently is reemployed and becomes an employee of the department of state police by subscribing to the constitutional oath of office, he or she shall again become a member of this retirement system. If the member again serves for at least 5 years, his or her prior service shall be combined with his or her subsequent service and the member's retirement allowance shall be recomputed with credit for his or her total number of years served in accordance with section 24.

(3) A member who has been a member under this act or former Act No. 251 of the Public Acts of 1935, or both, for less than 10 years, shall receive the service credit needed to equal 10 years if the member does not meet the vision screening standards as required for continued employment developed by the department of state police. However, a member shall not receive the grant of service credit under this subsection if 1 or more of the following circumstances exist:

(a) The department of state police has made reasonable accommodation for the continued employment of the member.

(b) The member's failure to meet the vision screening standards is directly related to and arose out of a nonduty illness, injury, or occurrence.

Sec. 42. (1) Hospitalization and medical coverage insurance premiums payable by a retirant or his or her retirement allowance beneficiary and his or her dependents under any group health plan authorized by the Michigan civil service commission and the department shall be paid in amounts provided by this subsection from appropriations for this purpose made to the retirement system. Until October 1, 1989, the amount payable by the retirement system shall be 90% of the entire monthly premium payable for hospitalization and medical coverage insurance. Beginning October 1, 1989, the amount payable by the retirement system shall be 95% of the entire monthly premium payable for hospitalization and medical coverage insurance.

(2) Effective October 1, 1989, dental coverage and vision coverage insurance premiums payable by a retirant or his or her retirement allowance beneficiary and his or her dependents under any group health plan authorized by the Michigan civil service commission and the department shall be paid in amounts provided by this subsection from appropriations for this purpose made to the retirement system. The amount payable by the retirement system shall be 90% of the entire monthly premium payable for dental coverage and vision coverage insurance.

(3) The health-dental-vision benefits fund is created and shall be the fund into which appropriations of the state for health, dental, and vision benefits are paid. Benefits payable pursuant to subsections (1) and (2) shall be payable from the health-dental-vision benefits fund.

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved

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Governor.