

HOUSE BILL No. 4398

March 7, 1989, Introduced by Rep. Power and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 5 of Act No. 88 of the Public Acts of 1961, entitled
"Reciprocal retirement act,"
being section 38.1105 of the Michigan Compiled Laws; and to add section 6.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 5 of Act No. 88 of the Public Acts of
2 1961, being section 38.1105 of the Michigan Compiled Laws, is
3 amended and section 6 is added to read as follows:

4 Sec. 5. A member of a reciprocal retirement system ~~—~~ who
5 has 5 or more years of credited service acquired as a member of
6 the system and who has attained the age but has not met the serv-
7 ice requirements for age and service retirement shall be entitled
8 to use his OR HER credited service in force previously acquired
9 as a member of governmental unit retirement systems in meeting

1 the service requirements of the system from which he OR SHE
2 retires. If ~~he~~ THE MEMBER has a break in governmental unit
3 employment for a period longer than 5 years, his OR HER service
4 rendered in the employ of the governmental units prior to his OR
5 HER last break in service shall not be used in satisfying the
6 service requirement for age and service retirement in the system
7 from which he OR SHE retires. ~~Credited~~ EXCEPT AS PROVIDED IN
8 SECTION 6, CREDITED service acquired in a governmental unit in
9 which ~~he~~ THE MEMBER was previously employed shall not be used
10 in determining the amount of his OR HER retirement allowance pay-
11 able by the reciprocal retirement system from which he OR SHE
12 retires unless otherwise provided by the retirement system.
13 ~~provisions.~~

14 SEC. 6. (1) A RECIPROCAL UNIT, DESIGNATED AS THE PRECEDING
15 RECIPROCAL UNIT, MAY ENTER INTO AN AGREEMENT WITH A RECIPROCAL
16 UNIT, DESIGNATED AS THE SUCCEEDING RECIPROCAL UNIT, TO TRANSFER
17 CREDITED SERVICE OF A MEMBER WHO LEAVES THE EMPLOY OF THE PRECED-
18 ING RECIPROCAL UNIT AND ENTERS THE EMPLOY OF THE SUCCEEDING
19 RECIPROCAL UNIT. THE AGREEMENT SHALL BE BY RESOLUTION OF THE
20 GOVERNING BODY OF EACH RECIPROCAL UNIT. THE RESOLUTION SHALL
21 SPECIFY THE AMOUNT OF CREDITED SERVICE BEING TRANSFERRED FROM THE
22 PRECEDING RECIPROCAL UNIT TO THE MEMBER'S CREDIT IN THE SUCCEED-
23 ING RECIPROCAL UNIT AND THE AMOUNT OF FINANCIAL CONSIDERATION
24 BEING TRANSFERRED FROM THE PRECEDING RECIPROCAL UNIT TO THE SUC-
25 CEEDING RECIPROCAL UNIT. THE FINANCIAL CONSIDERATION TRANSFERRED
26 UNDER THIS SECTION SHALL NOT BE GREATER THAN THE LARGER OF THE
27 FOLLOWING:

1 (A) THE ACCUMULATED CONTRIBUTIONS OF THE MEMBER WHOSE
2 CREDITED SERVICE IS BEING TRANSFERRED.

3 (B) THE ACTUARIAL PRESENT VALUE OF THE RETIREMENT ALLOWANCE
4 PAYABLE BY THE PRECEDING RECIPROCAL UNIT UNDER SECTION 4 IF THE
5 PRECEDING RECIPROCAL UNIT DOES NOT TRANSFER THE MEMBER'S CREDITED
6 SERVICE UNDER THIS SECTION.

7 (2) THE ACTUARIAL PRESENT VALUE OF THE RETIREMENT ALLOWANCE
8 PAYABLE BY THE PRECEDING RECIPROCAL UNIT UNDER SUBSECTION (1)
9 SHALL BE CALCULATED USING THE INTEREST RATE AND MORTALITY TABLE
10 SPECIFIED BY THE PENSION BENEFIT GUARANTEE CORPORATION FOR CALCU-
11 LATING THE ACTUARIAL PRESENT VALUE OF IMMEDIATE AND DEFERRED PEN-
12 SIONS UNDER A TERMINATED PENSION PLAN AS PROVIDED IN PART 2610 OF
13 SUBCHAPTER B OF CHAPTER XXVI OF TITLE 29 OF THE CODE OF FEDERAL
14 REGULATIONS, 29 C.F.R. PART 2610.