

HOUSE BILL No. 4811

May 10, 1989, Introduced by Reps. Murphy, Richard A. Young, Bryant, Kilpatrick, Hood, Bennane, DeMars, Varga, Stallworth, Jacobetti, Gubow, Hertel, Harrison, Palamara, Saunders, Wallace and Johnson and referred to the Committee on Judiciary.

A bill to amend sections 11, 12, 14, 14c, 20, 21, and 31 of Act No. 198 of the Public Acts of 1951, entitled as amended "Judges' retirement act," section 11 as amended by Act No. 83 of the Public Acts of 1988, sections 14, 14c, 20, and 31 as amended by Act No. 208 of the Public Acts of 1984, and section 21 as amended by Act No. 510 of the Public Acts of 1982, being sections 38.811, 38.812, 38.814, 38.814c, 38.820, 38.821, and 38.831 of the Michigan Compiled Laws; and to add sections 14f and 14g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 11, 12, 14, 14c, 20, 21, and 31 of Act
2 No. 198 of the Public Acts of 1951, section 11 as amended by Act
3 No. 83 of the Public Acts of 1988, sections 14, 14c, 20, and 31
4 as amended by Act No. 208 of the Public Acts of 1984, and section
5 21 as amended by Act No. 510 of the Public Acts of 1982, being

1 sections 38.811, 38.812, 38.814, 38.814c, 38.820, 38.821, and
2 38.831 of the Michigan Compiled Laws, are amended and sections
3 14f and 14g are added to read as follows:

4 Sec. 11. (1) Beginning January 1, 1983, all duly elected or
5 appointed judges shall become members of this system unless
6 within 30 days from taking office a written notice not to partic-
7 ipate in the retirement system is filed with the board. In the
8 case of an eligible probate judge serving in a single county of
9 less than 15,000 population, the deadline for filing a written
10 notice not to participate in the retirement system shall be
11 30 days from taking office, or 90 days after July 9, 1984, which-
12 ever is later. HOWEVER, BEGINNING OCTOBER 1, 1989 AND THROUGH
13 NOVEMBER 30, 1989, A JUDGE WHO HAD ELECTED NOT TO PARTICIPATE IN
14 THE RETIREMENT SYSTEM MAY ELECT TO BECOME A MEMBER OF THE RETIRE-
15 MENT SYSTEM BY WRITTEN NOTICE FILED WITH THE BOARD, TOGETHER WITH
16 PAYMENT OF AN AMOUNT DETERMINED BY MULTIPLYING THE NUMBER OF
17 YEARS OF SERVICE AS A JUDGE DESIRED TO BE PURCHASED TIMES THE
18 CONTRIBUTION RATE DETERMINED UNDER SECTION 20 AT THE TIME OF THE
19 PURCHASE TIMES THE JUDGE'S SALARY AT THE TIME OF THE PURCHASE,
20 PLUS REGULAR INTEREST. Upon becoming a member an agreement and a
21 membership form shall be executed on forms furnished by the board
22 and forwarded within 30 days to the retirement system. In the
23 case of the constitutional court administrator, the agreement
24 shall be executed within 30 days after the date of the
25 administrator's appointment to the position of court
26 administrator. In the case of the governor, lieutenant governor,
27 secretary of state, attorney general, or legislative auditor

1 general, the agreement shall be executed before August 12, 1978,
2 or within 30 days after the commencement of official duties,
3 whichever is later. The agreement shall continue in full force
4 and effect as long as the person remains a ~~judge~~ MEMBER. The
5 agreement shall include as a provision that the member agrees
6 that in the event of adjudication of mental incompetency of the
7 member, a guardian, ~~who may be appointed shall have the power~~
8 ~~and authority for the purposes of this act to~~ IF APPOINTED, MAY
9 complete and execute the forms required to retire the member
10 according to this act. ~~if~~ EXCEPT AS OTHERWISE PROVIDED IN THIS
11 SUBSECTION, a judge WHO elects not to become a member ~~the~~
12 ~~judge~~ shall not again have the right to become a member. In all
13 cases of doubt, the board shall decide the membership status of a
14 judge as defined in section 2(b). The decision, in the absence
15 of bad faith, shall be conclusive.

16 (2) A judge who, at the time he or she began his or her
17 official duties, was not eligible to become a member because he
18 or she had attained age 60 years, shall become a member unless a
19 written notice not to participate is filed with the board within
20 60 days following December 31, 1982. A judge who becomes a
21 member pursuant to this subsection shall be eligible for retire-
22 ment with benefits as provided in section 13a or 14(7).

23 (3) A person who is a member as a result of holding the
24 office of governor, lieutenant governor, secretary of state,
25 attorney general, or legislative auditor general and who was
26 holding that office on July 12, 1978, may elect to receive an
27 annuity in accordance with section 14 for an amount equal to or

1 less than the computed benefit or to receive an annuity computed
2 under the state ~~employee's~~ EMPLOYEES' retirement system pursu-
3 ant to THE STATE EMPLOYEES' RETIREMENT ACT, Act No. 240 of the
4 Public Acts of 1943, as amended, being sections 38.1 to 38.47 of
5 the Michigan Compiled Laws.

6 Sec. 12. (1) A judge's membership in the retirement system
7 shall terminate ~~(1) whenever~~ WHEN he OR SHE becomes a benefi-
8 ciary; ~~or (2)~~ WHEN THE JUDGE forfeits his OR HER membership
9 under the provisions of section 16; ~~of this act, or (3)~~ after
10 becoming age 70, at the end of the judicial term in which ~~he~~
11 THE JUDGE attains age 70 years, or on December 31, 1956, which-
12 ever is later; or ~~(4) on his ceasing~~ WHEN THE JUDGE CEASES to
13 be a judge as defined in section 2(B). ~~2, subdivision (b) of~~
14 ~~this act, or (5) upon his failure to pay his contributions as~~
15 ~~provided in section 20.~~ Except in the case of becoming a benefi-
16 ciary, all prior service and membership service ~~which~~ THAT may
17 have been credited to the judge shall be forfeited by ~~him~~ THE
18 JUDGE at the time his OR HER membership terminates. ~~In the~~
19 ~~event he~~ IF A JUDGE WHOSE MEMBERSHIP HAS TERMINATED UNDER THIS
20 SUBSECTION again becomes a judge before having attained age 60
21 years, he OR SHE may again become a member, subject to ~~the pro-~~
22 ~~visions of~~ section 11. ~~; and in the event he~~ IF THE JUDGE
23 again becomes a member within a period of 9 years following the
24 date his OR HER membership last terminated, all prior service and
25 membership service credit ~~which~~ THAT was forfeited by ~~him~~ THE
26 JUDGE at the time of his OR HER last termination shall be
27 restored to his OR HER credit, ~~provided he~~ IF THE JUDGE pays

1 into the annuity savings fund the amount of accumulated
2 contributions ~~which may have been~~ THAT WERE previously refunded
3 to him OR HER, together with regular interest ~~thereon~~ ON THE
4 ACCUMULATED CONTRIBUTIONS computed from the date of withdrawal to
5 the date of repayment.

6 (2) ~~Any~~ A judge or former judge ~~—~~ who before ~~the effec-~~
7 ~~tive date of this 1968 amendment,~~ JUNE 11, 1968 met the service
8 requirements in section 13 entitling him OR HER to a retirement
9 annuity, ~~and~~ WHO failed to retire at the end of the judicial
10 term in which he OR SHE attained age 70, ~~thereby forfeiting~~ AND
11 WHO FORFEITED all of his OR HER prior service and membership
12 service credit and all other rights under this act ~~—~~ shall have
13 ~~such~~ THE credit and rights restored to his OR HER credit and
14 shall receive a retirement annuity in the amount that would be
15 payable to ~~him~~ THE JUDGE had he OR SHE retired at the time he
16 OR SHE should have retired to avoid a forfeiture under this
17 section. ~~—such~~ THE annuity ~~to~~ SHALL be effective and pay-
18 able prospectively from ~~the effective date of this 1968~~
19 ~~amendment~~ JUNE 11, 1968. The board may make appropriate trans-
20 fers between funds to accomplish this result.

21 Sec. 14. (1) Upon a member's retirement as provided in this
22 section, section 13, or section 16, the member shall be paid a
23 straight life annuity terminating upon his or her death.

24 (2) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION AND
25 SUBSECTION (5), A member who is 60 years of age or older and has
26 12 or more years of service credited, who has 25 or more years
27 credited of which the last 6 years were continuous service, or

1 who is 55 years of age and has 18 or more years of service
2 credited of which the last 6 years were continuous service, shall
3 be paid an annuity equal to 50% of the member's final salary for
4 the first 12 years of service credited to the member's account.
5 In addition, the member's straight life annuity, terminating upon
6 death, shall be increased by 2-1/2% of the member's final salary
7 multiplied by each year and fraction of a year of service cred-
8 ited to the member's account not to exceed 4 additional years.
9 IN ADDITION, BEGINNING OCTOBER 1, 1989, THE MEMBER'S STRAIGHT
10 LIFE ANNUITY, TERMINATING UPON DEATH, SHALL BE INCREASED BY 2% OF
11 THE MEMBER'S FINAL SALARY MULTIPLIED BY EACH YEAR AND FRACTION OF
12 A YEAR OF SERVICE CREDITED TO THE MEMBER'S ACCOUNT NOT TO EXCEED
13 4 ADDITIONAL YEARS. Not more than ~~+6-~~ 20 years of service may be
14 used to determine the amount of annuity to be paid. EXCEPT AS
15 OTHERWISE PROVIDED IN SUBSECTION (5), A DISTRICT JUDGE IN THE
16 THIRTY-SIXTH DISTRICT SHALL BE PAID AN ANNUITY COMPUTED ACCORDING
17 TO THIS SECTION REDUCED BY THE AMOUNT OF RETIREMENT ALLOWANCE HE
18 OR SHE IS RECEIVING, OR WILL RECEIVE, ATTRIBUTABLE TO THE SAME
19 JUDICIAL SERVICE FROM ANOTHER PUBLICLY SUPPORTED RETIREMENT
20 PLAN. THE RETIREMENT ALLOWANCE ATTRIBUTABLE TO THE SAME JUDICIAL
21 SERVICE IN ANOTHER PUBLICLY SUPPORTED RETIREMENT PLAN SHALL BE
22 BASED ON SERVICE CREDIT FOR SERVICE AS A JUDGE IN THAT PLAN OR
23 PLANS AS A PERCENT OF TOTAL SERVICE CREDIT IN THAT PLAN OR PLANS.
24 (3) ~~A-~~ EXCEPT AS PROVIDED IN SUBSECTION (5), A member who
25 is 55 years of age and has 12 or more but less than 18 years of
26 service of which the last 6 years were continuous service shall
27 be entitled to receive an annuity as provided in subsection (2),

1 reduced by 0.5% of the annuity multiplied by the number of months
2 and fraction of a month the member's age at retirement is under
3 60 years of age.

4 (4) After a member becomes 70 years of age, service shall
5 not be credited beyond the end of the judicial term in which the
6 member becomes 70 years of age. At the time of retirement a
7 member may elect to be paid an annuity under an optional form of
8 payment provided in section 15 in lieu of a straight life
9 annuity. Judges of the recorder's court of the city of Detroit
10 shall receive the same annuity as that paid to circuit judges.

11 (5) Subsections (2), (3), and (4) are restricted as provided
12 in this subsection. A member who ~~is~~ WAS a judge of the common
13 pleas court of the city of Detroit on August 31, 1981, who
14 ~~becomes~~ BECAME a district judge in the thirty-sixth district on
15 September 1, 1981, WHO WITHDRAWS HIS OR HER CONTRIBUTIONS ON OR
16 AFTER SEPTEMBER 1, 1986 FROM A COUNTY RETIREMENT PLAN ESTABLISHED
17 UNDER SECTION 12A OF ACT NO. 156 OF THE PUBLIC ACTS OF 1951,
18 BEING SECTION 46.12A OF THE MICHIGAN COMPILED LAWS, and who
19 retires as a district judge in the thirty-sixth district shall be
20 entitled to an annuity only on the basis of the sum of the
21 following:

22 (a) The benefits ~~which~~ THAT the member would otherwise
23 have been entitled to receive as of August 31, 1981, under sub-
24 sections (2) to (4) as in effect on August 31, 1981, multiplied
25 by the years of service credited to the member's account on
26 August 31, 1981, and divided by the total years of service

1 credited to the member's account at the time of his or her
2 retirement.

3 (b) The benefits ~~which~~ THAT the member is entitled to
4 receive as a district judge at the time of his or her retirement,
5 multiplied by the years of service credited to the member's
6 account between September 1, 1981, and the date of retirement,
7 divided by the total years of service credited to the member's
8 account at the time of his or her retirement.

9 (6) After June 30, 1978, a member who is 60 years of age or
10 older and has served 2 full terms in the office of governor,
11 lieutenant governor, secretary of state, or attorney general, or
12 1 full term in the office of legislative auditor general shall be
13 paid an annuity equal to 30% of the annual salary paid to the
14 member at the time of retirement for the first 8 years of service
15 credited to the member's account. In addition, the member's
16 straight life annuity, terminating upon death, shall be increased
17 by 3-3/4% of the annual salary paid by the state multiplied by
18 each year and fraction of a year of service credited to a
19 member's account. Not more than 16 years of service shall be
20 used to determine the amount of annuity to be paid.

21 (7) A member who ~~had attained age~~ WAS 64 YEARS OF AGE or
22 older at the time he or she first became a judge, who has 6 or
23 more continuous years but less than 8 years of credited service,
24 and who has made contribution for those years of service as pro-
25 vided by this act, shall be eligible to retire and receive an
26 annuity equal to 3% of the member's final salary multiplied by
27 the number of years and fraction of a year of credited service,

1 not to exceed the amount of annuity provided for in
2 subsection (2).

3 (8) Payment of annuities under this section shall be subject
4 to sections 15 and 18.

5 Sec. 14c. (1) ~~All~~ EXCEPT AS OTHERWISE PROVIDED IN THIS
6 SECTION, ALL duly elected or appointed judges of the probate
7 court, the district court, the recorder's court of the city of
8 Detroit, or the circuit court who are not exempt from section 14a
9 and who have not filed a written notice not to participate under
10 the provisions of section 14a shall convert the balance of the
11 state salary standardization payment annually prescribed by law
12 ~~but which when added to \$2,250.00 will not exceed 40% of the~~
13 ~~difference between the state base salary and the maximum total~~
14 ~~salary for any state fiscal year beginning after September 30,~~
15 ~~1982~~ and payable to the county, city, or district control unit
16 ~~which~~ THAT pays the judge's supplemental salary ~~—~~ as an addi-
17 tion to the judge's state base salary for purposes of computation
18 of retirement benefits, unless before April 1, 1983, or within 30
19 days from taking office, or within 30 days after an election made
20 pursuant to section 14a(2), whichever is later, a written notice
21 not to participate in the provisions of this section is filed
22 with the board. In the absence of a written notice not to par-
23 ticipate in the provisions of this section, the final average
24 compensation figure used to calculate the judge's combined
25 county, city, or district control unit pension shall be reduced
26 by the amount of the state salary standardization payment.
27 ~~described in this subsection.~~

1 (2) Each judge of the district court, the recorder's court
2 of the city of Detroit, or the circuit court who made an election
3 to convert \$2,250.00 of the state salary standardization payment
4 pursuant to section 14a(2) and who converted the balance of the
5 salary standardization payment pursuant to subsection (1) shall
6 pay into the annuity savings fund an amount equal to the amount
7 the contributions would have been if the judge had elected to
8 convert the balance of the salary standardization payment effec-
9 tive April 1, 1983, including the increase in contribution on
10 state base salary required under section 20(2)(c), plus interest
11 as determined by the board but not less than the assumed actuar-
12 ial rate nor more than the average earnings rate of return on the
13 retirement fund during the period the judge would have otherwise
14 contributed. Payment shall be made not later than ~~+20 days~~
15 ~~after the effective date of this subsection~~ MARCH 1, 1990.
16 However, the payment will not be accepted unless the judge pro-
17 vides certification that his or her compensation reported to a
18 local government retirement plan during the same period of time,
19 if any, shall be reduced by a like amount.

20 (3) This section shall not apply to a member who is a judge
21 of the district court in the thirty-sixth district or a probate
22 judge serving in a single county of less than 15,000 population.

23 (4) For purposes of subsection (1), the state base salary of
24 a probate judge means an amount equal to the STATE BASE salary
25 paid by the state to a judge of the district court.

26 SEC. 14F. (1) EFFECTIVE OCTOBER 1, 1989, THE ANNUITY
27 PAYABLE TO A RETIRANT OR BENEFICIARY OF A DECEASED RETIRANT WHOSE

1 EFFECTIVE DATE OF RETIREMENT WAS BEFORE JANUARY 1, 1987, EXCEPT A
 2 RETIRANT OR BENEFICIARY OF A DECEASED RETIRANT WHO WAS A MEMBER
 3 OF THIS RETIREMENT SYSTEM BEFORE SEPTEMBER 8, 1961, IS SUPPLE-
 4 MENTED AS FOLLOWS:

5 EFFECTIVE DATE OF RETIREMENT	PERCENT OF INCREASE
6 JANUARY 1, 1986 TO DECEMBER 31, 1986	2
7 JANUARY 1, 1985 TO DECEMBER 31, 1985	3
8 JANUARY 1, 1984 TO DECEMBER 31, 1984	4
9 JANUARY 1, 1983 TO DECEMBER 31, 1983	5
10 JANUARY 1, 1982 TO DECEMBER 31, 1982	6
11 JANUARY 1, 1981 TO DECEMBER 31, 1981	7
12 JANUARY 1, 1980 TO DECEMBER 31, 1980	8
13 JANUARY 1, 1979 TO DECEMBER 31, 1979	9
14 JANUARY 1, 1978 TO DECEMBER 31, 1978	10
15 JANUARY 1, 1977 TO DECEMBER 31, 1977	11
16 JANUARY 1, 1976 TO DECEMBER 31, 1976	12
17 JANUARY 1, 1975 TO DECEMBER 31, 1975	13
18 JANUARY 1, 1974 TO DECEMBER 31, 1974	14
19 JANUARY 1, 1973 TO DECEMBER 31, 1973	15
20 JANUARY 1, 1972 TO DECEMBER 31, 1972	16
21 BEFORE JANUARY 1, 1972	17

22 (2) THE RECALCULATED ANNUITY SHALL BE THE BASIS ON WHICH
 23 FUTURE ADJUSTMENTS TO THE ANNUITY ARE CALCULATED.

24 (3) THE SUPPLEMENT PROVIDED BY THIS SECTION SHALL BE
 25 CALCULATED PURSUANT TO SUBSECTION (1) AND SHALL BE PAID BY

1 JANUARY 1, 1990.. IF A RETIRANT DIES BEFORE JANUARY 1, 1990 AND
2 NO BENEFITS BECOME PAYABLE UNDER SECTION 15 OR 19C, THE
3 RETIRANT'S ANNUITY SHALL NOT BE SUPPLEMENTED UNDER THIS SECTION.

4 SEC. 14G. (1) THE ANNUITY PAYABLE TO A RETIRANT OR BENEFI-
5 CIARY OF A DECEASED RETIRANT WHOSE EFFECTIVE DATE OF RETIREMENT
6 WAS ON OR BEFORE OCTOBER 1, 1989, EXCEPT A RETIRANT OR BENEFI-
7 CIARY OF A DECEASED RETIRANT WHO WAS A MEMBER OF THIS RETIREMENT
8 SYSTEM BEFORE SEPTEMBER 8, 1961, SHALL BE INCREASED BY 3% PER
9 YEAR COMPOUNDED ANNUALLY BEGINNING MARCH 1, 1990.

10 (2) THE ANNUITY PAYABLE TO A RETIRANT OR BENEFICIARY OF A
11 DECEASED RETIRANT WHOSE EFFECTIVE DATE OF RETIREMENT WAS AFTER
12 OCTOBER 1, 1989, EXCEPT A RETIRANT OR BENEFICIARY OF A DECEASED
13 RETIRANT WHO WAS A MEMBER OF THIS RETIREMENT SYSTEM BEFORE
14 SEPTEMBER 8, 1961, SHALL BE INCREASED BY 3% PER YEAR COMPOUNDED
15 ANNUALLY BEGINNING ON THE FIRST MARCH 1 THAT IS AT LEAST
16 12 MONTHS AFTER THE EFFECTIVE DATE OF RETIREMENT.

17 (3) THE PERCENTAGE OF FINAL SALARY LIMITATIONS ON THE ANNU-
18 ITY PROVIDED BY SECTION 14 SHALL NOT APPLY TO THE ANNUITY AS
19 INCREASED BY THIS SECTION.

20 Sec. 20. (1) The annuity savings fund is created. The
21 annuity savings fund ~~shall be~~ IS the fund in which shall be
22 accumulated, at regular interest, the contributions from the sal-
23 aries of members, and from which shall be paid refunds of accumu-
24 lated contributions as provided in this act.

25 (2) Except as provided in subsections (3) and (4), contribu-
26 tions of each member shall be all of the following:

1 (a) ON AND AFTER SEPTEMBER 8, 1961, AND THROUGH
 2 SEPTEMBER 30, 1989, 3.5% of ~~his or her~~ THE salary paid to the
 3 member by the state, ~~or~~ AND ON AND AFTER OCTOBER 1, 1989, 4.5%
 4 OF THE SALARY PAID TO THE MEMBER BY THE STATE. FOR PURPOSES OF
 5 THIS SUBDIVISION, "SALARY PAID TO THE MEMBER BY THE STATE" MEANS
 6 an amount equivalent to the salary ~~of that~~ paid by the state to
 7 the circuit judges in the case of the recorder's court of the
 8 city of Detroit, or an amount equivalent to the salary ~~of that~~
 9 paid by the state to the district court judges in the case of
 10 probate court judges. ~~, from and after September 8, 1961, or~~
 11 ~~upon the member's taking office, whichever is later, and continu-~~
 12 ~~ing so~~ CONTRIBUTIONS SHALL CONTINUE AS long as ~~he or she~~ THE
 13 JUDGE remains a member.

14 (b) If the member converts \$2,250.00 of the state salary
 15 standardization payment as an addition to the member's state base
 16 salary pursuant to section 14a, 3.5% of the \$2,250.00 of state
 17 salary standardization payment ~~—~~ beginning October 1, 1981, AND
 18 4.5% OF THE \$2,250.00 OF STATE SALARY STANDARDIZATION PAYMENT
 19 BEGINNING OCTOBER 1, 1989, or when the judge becomes a member of
 20 this system and is covered under section 14a, whichever is
 21 later. ~~, and continuing so~~ CONTRIBUTIONS SHALL CONTINUE AS
 22 long as ~~he or she~~ THE JUDGE remains a member.

23 (c) If the member converts the balance of the state salary
 24 standardization payment pursuant to section 14c(1), the contribu-
 25 tion of each member, in lieu of contributions specified in subdi-
 26 visions (a) and (b), shall be 7% THROUGH SEPTEMBER 30, 1989 AND
 27 8% BEGINNING OCTOBER 1, 1989 of the combined state base salary

1 and the ~~applicable~~ STATE SALARY standardization payment as
2 provided in sections 14a and 14c. Contributions pursuant to this
3 subdivision shall begin April 1, 1983, or when the judge becomes
4 a member of this system, whichever is later, and continuing so
5 long as he or she remains a member of this retirement system.
6 The contribution rate specified in this subdivision may be
7 increased by the retirement board in accordance with actuarially
8 determined requirements to fund the provisions of section 14c,
9 but shall not exceed the member contribution rate of the legisla-
10 tive retirement system.

11 (d) If a member is a justice of the supreme court, judge of
12 the court of appeals, constitutional court administrator, gover-
13 nor, lieutenant governor, secretary of state, attorney general,
14 or legislative auditor general, he or she shall contribute an
15 additional ~~1 1/2%~~ 1.5% of his or her salary paid to the member
16 by the state, beginning January 1, 1983, or upon the member's
17 taking office, whichever is later. ~~, and continuing so~~
18 CONTRIBUTIONS SHALL CONTINUE AS long as ~~he or she~~ THE JUDGE
19 remains a member.

20 (3) Beginning September 1, 1981, the contributions of each
21 member who is a judge of the district court in the thirty-sixth
22 district, and who does not participate in the retirement system
23 established by the city of Detroit, shall be 3.5% THROUGH
24 SEPTEMBER 30, 1989 AND 8% BEGINNING OCTOBER 1, 1989 of the total
25 annual salary paid to the member from state and district control
26 unit funds.

1 (4) Beginning January 1, 1984, the contribution of a probate
2 judge serving in a single county of less than 15,000 population
3 shall be 7% THROUGH SEPTEMBER 30, 1989 AND 8% BEGINNING
4 OCTOBER 1, 1989 of his or her total judicial salary from all
5 sources.

6 (5) The manner by which the members' contributions provided
7 for in this section shall be paid, INCLUDING THE 1% INCREASE IN
8 CONTRIBUTIONS REQUIRED BEGINNING OCTOBER 1, 1989, shall be deter-
9 mined by the board. ~~If a member's contribution is not paid~~
10 ~~within 60 days after its due date, the member shall cease to be a~~
11 ~~member and shall forfeit for the member and the member's heirs~~
12 ~~all rights in and to any and all benefits.~~ The board shall pro-
13 vide for the maintenance of an individual account for each member
14 showing the amount of the member's contribution, together with
15 interest additions to the amount of the contributions. Upon a
16 member's retirement from service, the member's accumulated con-
17 tributions shall be transferred from the annuity savings fund to
18 the annuity reserve fund. At the expiration of a period of 3
19 years following the date a person ceases to be a member, any bal-
20 ance of accumulated contributions standing to the person's credit
21 in the annuity savings fund unclaimed by ~~—~~ or on behalf of that
22 person ~~—~~ shall be transferred from the annuity savings fund to
23 the income fund. If a member's accumulated contributions are
24 forfeited by the member, as provided in this act, the accumulated
25 contributions shall be transferred from the annuity savings fund
26 to the income fund.

1 Sec. 21. (1) The annuity reserve fund is created. The
2 annuity reserve fund ~~shall be~~ IS the fund in which shall be
3 accumulated reserves arising from money received under sections
4 2528, 2529, 5756, 8371, and 8420 of THE REVISED JUDICATURE ACT OF
5 1961, Act No. 236 of the Public Acts of 1961, as amended, being
6 sections 600.2528, 600.2529, 600.5756, 600.8371, and 600.8420 of
7 the Michigan Compiled Laws, appropriations from the annuity sav-
8 ings fund, as provided in this act, transfers from the state as
9 provided in subsection (6), and transfers from district control
10 units as provided in subsection (8), and from which shall be paid
11 all annuities, and benefits in lieu of annuities, as provided in
12 this act.

13 (2) The annual level percent of payroll contribution rate to
14 finance the benefits provided under this act, exclusive of the
15 benefits provided in section 14c, shall be determined by actuar-
16 ial valuation pursuant to subsections (3) and (4), and upon the
17 basis of the risk assumptions ~~which~~ THAT the retirement board
18 adopts after consultation with the department of management and
19 budget, investment counsel, and the actuary. An annual actuarial
20 valuation shall be made of the retirement system in order to
21 determine the actuarial condition of the retirement system and
22 the required contribution to the retirement system. An annual
23 actuarial gain-loss experience study of the retirement system
24 shall be made in order to determine the financial effect of vari-
25 ations of actual retirement system experience from projected
26 experience.

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

5 (4) The contribution rate for benefits other than those
6 described in subsection (3) shall be computed using an individual
7 projected benefit entry age normal cost method of valuation. The
8 contribution rate for service ~~which~~ THAT may be rendered in the
9 current year, known as the normal cost contribution rate, shall
10 be equal to the aggregate amount of individual entry age normal
11 costs divided by 1% of the aggregate amount of active members'
12 valuation compensation. The contribution rate for unfunded serv-
13 ice rendered before the valuation date, known as the unfunded
14 actuarial accrued liability contribution rate, shall be equal to
15 the aggregate amount of unfunded actuarial accrued liabilities
16 divided by 1% of the actuarial present value over a period not to
17 exceed 40 years of projected valuation compensation, where
18 unfunded actuarial accrued liabilities are equal to the actuarial
19 present value of benefits reduced by the actuarial present value
20 of future normal cost contributions and the actuarial value of
21 assets on the valuation date.

22 (5) The executive secretary shall deposit with the state
23 treasurer, in accordance with the accounting laws of this state,
24 and in accordance with Act No. 236 of the Public Acts of 1961,
25 being sections 600.101 to 600.9947 of the Michigan Compiled Laws,
26 the amounts of money received by him or her under Act No. 236 of
27 the Public Acts of 1961, as amended. When ~~so~~ transferred, 90%

1 of the amount to be credited to the retirement system shall be
2 credited to the annuity reserve fund of the retirement system and
3 10% of that amount shall be credited to the expense fund of the
4 retirement system.

5 (6) The payments, gifts, or appropriations ~~which~~ THAT this
6 retirement system ~~shall receive~~ RECEIVES from the state shall
7 be credited to the annuity reserve fund. Beginning July 1, 1983,
8 the legislature shall annually appropriate to the retirement
9 system an amount equal to the greater of the following:

10 (a) Three and one-half percent of aggregate annual compensa-
11 tion of active members payable after June 30, 1983.

12 (b) The difference between the product of the contribution
13 rates determined in subsections (3) and (4) multiplied by the
14 aggregate amount of annual active member compensation paid after
15 June 30, 1983, and the fees deposited under subsection (5).

16 (7) Not later than 60 days after the termination of each
17 state fiscal year, the bureau of retirement systems shall certify
18 to the director of the department of management and budget the
19 actual annual aggregate compensations paid to active members,
20 excluding compensations paid pursuant to section 14c, during the
21 preceding state fiscal year. Upon receipt of that certification,
22 the director of the department of management and budget shall
23 compute the difference, if any, between the product of the con-
24 tribution rates determined in subsections (3) and (4) multiplied
25 by the actual aggregate amount of aggregate compensation paid to
26 active members during the preceding state fiscal year, and the
27 sum of the fees deposited under subsection (5) and the state

1 contributions received during the preceding state fiscal year.
2 That difference, if any, shall be submitted in the executive
3 budget to the legislature for appropriation in the next succeed-
4 ing state fiscal year.

5 (8) Beginning September 1, 1981, the district control unit
6 for the thirty-sixth district of the district court shall con-
7 tribute annually to the retirement system for each member who is
8 a judge of the thirty-sixth district, an amount equal to the
9 product of the total annual additional salary paid to the member
10 pursuant to section 8202 of Act No. 236 of the Public Acts of
11 1961, as amended, being section 600.8202 of the Michigan Compiled
12 Laws, ~~multiplied by~~ AND the annual level percent required by
13 the board to fund the retirement system. HOWEVER, BEGINNING
14 OCTOBER 1, 1989, THE DISTRICT CONTROL UNIT FOR THE THIRTY-SIXTH
15 DISTRICT OF THE DISTRICT COURT SHALL CONTRIBUTE ANNUALLY TO THE
16 RETIREMENT SYSTEM FOR EACH MEMBER WHO MAKES CONTRIBUTIONS FROM
17 SALARY UNDER SECTION 20(3) AN AMOUNT EQUAL TO THE PRODUCT OF THE
18 TOTAL ANNUAL SALARY PAID TO THE MEMBER PURSUANT TO SECTION 8202
19 OF ACT NO. 236 OF THE PUBLIC ACTS OF 1961 AND THE DIFFERENCE
20 BETWEEN THE ANNUAL LEVEL PERCENT REQUIRED BY THE BOARD TO FUND
21 THE RETIREMENT SYSTEM AND 4.5%.

22 (9) The ~~figure~~ AMOUNT calculated in ~~this~~ subsection (8)
23 shall be subtracted from the state salary standardization payment
24 paid to the district control unit for the thirty-sixth district,
25 prorated on the basis of the frequency with which the state makes
26 salary standardization payments to the district control unit.

1 Sec. 31. (1) Beginning ~~January 1, 1983~~ OCTOBER 1, 1989,
2 the retirement system shall pay the INSURANCE premium for
3 ~~hospital and medical surgical and sick care benefits~~
4 HOSPITALIZATION AND MEDICAL COVERAGE, DENTAL COVERAGE, VISION
5 COVERAGE, HEARING COVERAGE, OR A COMBINATION OF THESE BENEFITS AS
6 DETERMINED BY THE BOARD, for a retirant ~~who served after~~
7 ~~January 1, 1983 as a justice of the supreme court, judge of the~~
8 ~~court of appeals, constitutional court administrator, governor,~~
9 ~~lieutenant governor, secretary of state, attorney general, or~~
10 ~~legislative auditor general,~~ or for his or her ~~retirement~~
11 ~~allowance~~ beneficiary AND HIS OR HER DEPENDENTS who elects cov-
12 erage in ~~the state~~ A group health insurance plan ~~, to the same~~
13 ~~extent as is~~ AUTHORIZED BY THE BOARD. THE EXTENT OF COVERAGE
14 SHALL NOT BE LESS THAN COVERAGE provided for retirants, ~~and~~
15 ~~retirement allowance~~ beneficiaries, ~~of the state employees'~~
16 ~~retirement system~~ AND DEPENDENTS UNDER THE STATE EMPLOYEES'
17 RETIREMENT ACT, ACT NO. 240 OF THE PUBLIC ACTS OF 1943, BEING
18 SECTIONS 38.1 TO 38.47 OF THE MICHIGAN COMPILED LAWS.

19 (2) ~~The payment by the retirement system under subsection~~
20 ~~(1) shall be paid only during those fiscal years for which sec-~~
21 ~~tion 20(2)(d) requires additional member contributions.~~ THE
22 GROUP HEALTH INSURANCE PLAN AUTHORIZED BY THE BOARD UNDER
23 SUBSECTION (1) SHALL CONTAIN A COORDINATION OF BENEFITS
24 PROVISION. IF A RETIRANT OR BENEFICIARY IS COVERED UNDER ANOTHER
25 GROUP HEALTH PLAN PROVIDED BY A PUBLICLY SUPPORTED RETIREMENT
26 SYSTEM, THE RETIRANT OR BENEFICIARY SHALL NOT BE ELIGIBLE TO
27 ELECT COVERAGE UNDER A GROUP HEALTH INSURANCE PLAN UNDER THIS

1 SECTION UNLESS THE OTHER GROUP HEALTH PLAN CONTAINS A
2 COORDINATION OF BENEFITS PROVISION. THE BENEFITS OF EACH PLAN
3 SHALL BE COORDINATED AS PROVIDED BY THE COORDINATION OF BENEFITS
4 ACT, ACT NO. 64 OF THE PUBLIC ACTS OF 1984, BEING SECTIONS
5 550.251 TO 550.255 OF THE MICHIGAN COMPILED LAWS.

6 Section 2. This amendatory act shall take effect October 1,
7 1989.

8 Section 3. This amendatory act shall not take effect unless
9 all of the following bills of the 85th Legislature are enacted
10 into law:

11 (a) Senate Bill No. _____ or House Bill No. _____ (request
12 no. 01779'89 a).

13 (b) Senate Bill No. _____ or House Bill No. ⁴⁸⁰⁸_____ (request
14 no. 01780'89).