

HOUSE BILL No. 4858

May 22, 1989, Introduced by Reps. Niederstadt, Hart and DeBeaussaert and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 3, 9, 14, 30, and 42 of Act No. 182 of the Public Acts of 1986, entitled "State police retirement act of 1986," 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:

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

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

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

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

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

13 (a) Regular salary paid for the last 2 years of service,
14 including, but not limited to, that salary which is deferred pur-
15 suant to a state deferred compensation program.

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

18 (c) Gross pay ~~adjustment~~ ADJUSTMENTS paid affecting the
19 last 2 years of service, INCLUDING COMPENSATORY TIME AND EMER-
20 GENCY RESPONSE COMPENSATION.

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

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

26 (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 ~~which~~ 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 ~~which~~ 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

1 liability of the retirement system, and health, DENTAL, AND
2 VISION insurance.

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

9 Sec. 30. (1) A member who resigns, dies, is transferred to
10 a position not covered by the retirement system, or is dismissed
11 for a reason other than his or her retirement or breach of the
12 public trust, and who MEETS THE REQUIREMENTS OF SUBSECTION (3) OR
13 WHO has been a member under this act or former Act No. 251 of the
14 Public Acts of 1935, or both, for 10 or more years, is entitled
15 to a deferred retirement allowance in lieu of a payment of a
16 refund of his or her contributions as provided in section 23.
17 The retirement allowance of a deferred member who retires under
18 this section on or after October 1, 1986 shall equal 2% of the
19 deferred member's final average compensation times the number of
20 years, including any fraction of a year, of service credited to
21 the deferred member pursuant to this act or former Act No. 251 of
22 the Public Acts of 1935, or both, but not to exceed 25 years.
23 The payment shall not begin before the date the deferred member
24 becomes 50 years of age, and shall continue during the life of a
25 surviving spouse. The entitlement to a deferred retirement
26 allowance under this section is forfeited if a deferred member is
27 paid a refund of his or her contributions. If a deferred member

1 dies before becoming 50 years of age, the deferred retirement
2 allowance shall be paid to his or her surviving spouse or depen-
3 dent children on the first day of the month following the date
4 the retirant would have attained 50 years of age.

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

15 (3) A MEMBER WHO HAS BEEN A MEMBER UNDER THIS ACT OR FORMER
16 ACT NO. 251 OF THE PUBLIC ACTS OF 1935, OR BOTH, FOR LESS THAN
17 10 YEARS, SHALL RECEIVE THE AMOUNT OF SERVICE CREDIT NEEDED TO
18 EQUAL 10 YEARS IF THE MEMBER DOES NOT MEET THE VISION SCREENING
19 STANDARDS AS REQUIRED FOR CONTINUED EMPLOYMENT DEVELOPED BY THE
20 DEPARTMENT OF STATE POLICE. HOWEVER, A MEMBER SHALL NOT RECEIVE
21 THE GRANT OF SERVICE CREDIT UNDER THIS SUBSECTION IF 1 OR MORE OF
22 THE FOLLOWING CIRCUMSTANCES EXIST:

23 (A) THE DEPARTMENT OF STATE POLICE HAS MADE REASONABLE
24 ACCOMMODATION FOR THE CONTINUED EMPLOYMENT OF THE MEMBER.

25 (B) THE MEMBER'S FAILURE TO MEET THE VISION SCREENING STAN-
26 DARDS IS DIRECTLY RELATED TO AND AROSE OUT OF A NONDUTY ILLNESS,
27 INJURY, OR OCCURRENCE.

1 Sec. 42. (1) Hospitalization and medical coverage insurance
2 premiums payable by a retirant or his or her retirement allowance
3 beneficiary and his or her dependents under any group health plan
4 authorized by the Michigan civil service commission and the
5 department shall be paid from appropriations for this purpose
6 made to the retirement system. ~~The~~ UNTIL JANUARY 1, 1989, THE
7 amount payable by the retirement system shall be 90% of the
8 entire monthly premium payable for hospitalization and medical
9 coverage insurance. BEGINNING JANUARY 1, 1989, THE AMOUNT PAY-
10 ABLE BY THE RETIREMENT SYSTEM SHALL BE 95% OF THE MONTHLY PREMIUM
11 PAYABLE FOR HOSPITALIZATION AND MEDICAL COVERAGE INSURANCE.

12 (2) EFFECTIVE JANUARY 1, 1989, DENTAL COVERAGE AND VISION
13 COVERAGE INSURANCE PREMIUMS PAYABLE BY A RETIRANT OR HIS OR HER
14 RETIREMENT ALLOWANCE BENEFICIARY AND HIS OR HER DEPENDENTS UNDER
15 ANY GROUP HEALTH PLAN AUTHORIZED BY THE MICHIGAN CIVIL SERVICE
16 COMMISSION AND THE DEPARTMENT SHALL BE PAID FROM APPROPRIATIONS
17 FOR THIS PURPOSE MADE TO THE RETIREMENT SYSTEM. THE RETIREMENT
18 SYSTEM SHALL PAY 90% OF THE MONTHLY PREMIUM PAYABLE FOR DENTAL
19 COVERAGE AND VISION COVERAGE INSURANCE UNDER THIS SUBSECTION.

20 (3) ~~-(2)-~~ The health-DENTAL-VISION benefits fund is created
21 and shall be the fund into which appropriations of the state for
22 health, DENTAL, AND VISION benefits are paid. Benefits payable
23 pursuant to ~~subsection~~ SUBSECTIONS (1) AND (2) shall be payable
24 from the health-DENTAL-VISION benefits fund.