

# SENATE BILL No. 362

April 25, 1989, Introduced by Senators NICHOLS, GAST  
and SHINKLE and referred to the Committee on  
Judiciary.

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.

1 (g) Bomb squad pay paid for the last 2 years of service.

2 (h) Post 29 freeway premium paid for the last 2 years of  
3 service.

4 (i) On-call pay paid for the last 2 years of service.

5 Sec. 9. (1) The state treasurer shall be treasurer of the  
6 retirement system and shall have investment authority, including  
7 the custodianship of the funds of the retirement system, and  
8 shall have fiduciary responsibility with regard to the investment  
9 of funds from the reserves of the retirement system. THE INVEST-  
10 MENT OF THE FUNDS OF THE RETIREMENT SYSTEM SHALL BE SUBJECT TO  
11 THE LIMITATIONS PROVIDED IN ACT NO. 314 OF THE PUBLIC ACTS OF  
12 1965, BEING SECTIONS 38.1132 TO 38.1140I OF THE MICHIGAN COMPILED  
13 LAWS.

14 (2) The state treasurer shall deposit the funds of the  
15 retirement system in the same manner and subject to the law gov-  
16 erning the deposit of state funds by the treasurer. Income  
17 earned by the retirement system's reserves shall be credited to  
18 the respective reserves under this act ~~which~~ THAT have earned  
19 the income.

20 Sec. 14. (1) The funding objective of the retirement system  
21 is to establish and receive contributions during each fiscal year  
22 ~~which~~ THAT are sufficient to fully cover the actuarial cost of  
23 benefits likely to be paid on account of services rendered by  
24 members during the fiscal year, the normal cost requirements of  
25 the retirement system, and finance the unfunded actuarial costs  
26 of benefits likely to be paid on account of service rendered  
27 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 SERVICE CREDIT NEEDED TO EQUAL  
18 10 YEARS IF THE MEMBER DOES NOT MEET THE VISION SCREENING STAN-  
19 DARDS 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 IN AMOUNTS PROVIDED BY THIS SUBSECTION  
6 from appropriations for this purpose made to the retirement  
7 system. ~~The~~ UNTIL JANUARY 1, 1989, THE amount payable by the  
8 retirement system shall be 90% of the entire monthly premium pay-  
9 able for hospitalization and medical coverage insurance.

10 BEGINNING JANUARY 1, 1989, THE AMOUNT PAYABLE BY THE RETIREMENT  
11 SYSTEM SHALL BE 95% OF THE ENTIRE MONTHLY PREMIUM PAYABLE FOR  
12 HOSPITALIZATION AND MEDICAL COVERAGE INSURANCE.

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

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