

SENATE BILL No. 299

April 12, 1989, Introduced by Senators IRWIN and
BARCIA and referred to the Committee on Judiciary.

A bill to amend sections 2 and 20 of Act No. 198 of the
Public Acts of 1951, entitled as amended

"Judges' retirement act,"

as amended by Act No. 208 of the Public Acts of 1984, being sec-
tions 38.802 and 38.820 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2 and 20 of Act No. 198 of the Public
2 Acts of 1951, as amended by Act No. 208 of the Public Acts of
3 1984, being sections 38.802 and 38.820 of the Michigan Compiled
4 Laws, are amended to read as follows:

5 Sec. 2. As used in this act:

6 (a) "Board" means the retirement board provided for in this
7 act.

8 (b) "Judge" means a duly elected or appointed member of the
9 supreme court, the court of appeals, the circuit court, the

1 district court, the recorder's court for the city of Detroit, or
2 the common pleas court of the city of Detroit and a duly elected
3 or appointed member of the probate court who begins serving after
4 December 31, 1982. "Judge" includes the person holding the posi-
5 tion of constitutional court administrator, governor, lieutenant
6 governor, secretary of state, attorney general, or legislative
7 auditor general. Beginning January 1, 1983, "judge" includes a
8 probate judge who was a member of a county retirement system
9 established pursuant to section 12a of Act No. 156 of the Public
10 Acts of 1851, being section 46.12a of the Michigan Compiled Laws,
11 who had not accumulated at least 8 years of credited service in
12 the county retirement system by December 31, 1982, and who depos-
13 its his or her contributions plus interest as accumulated under
14 the probate judges retirement system with the board as provided
15 by law ~~—~~ and INCLUDES a probate judge who was prohibited from
16 membership in a county retirement plan under the municipal
17 employees retirement system established pursuant to FORMER Act
18 No. 135 of the Public Acts of 1945, ~~being sections 38.601 to~~
19 ~~38.669 of the Michigan Compiled Laws,~~ who had not accumulated at
20 least 8 years of credited service in the probate judges retire-
21 ment system established pursuant to THE PROBATE JUDGES RETIREMENT
22 ACT, Act No. 165 of the Public Acts of 1954, being sections
23 38.901 to 38.933 of the Michigan Compiled Laws, by December 31,
24 1982, and who deposits his or her contributions plus interest as
25 accumulated under the probate judges retirement system with the
26 board as provided by law.

1 (c) "Member" means a judge who, subject to this act, agrees
2 to become a member of the retirement system.

3 (d) "New member" means a member without prior service cred-
4 ited to his or her service account.

5 (e) "Original member" means a member with prior service
6 credited to his or her service account.

7 (f) "Service" means service performed as a judge. "Service"
8 also includes service performed in the position of constitutional
9 court administrator, governor, lieutenant governor, secretary of
10 state, attorney general, or legislative auditor general, or as a
11 former elected state official who had been paid an annual state
12 salary. In the case of the constitutional court administrator,
13 governor, lieutenant governor, secretary of state, attorney gen-
14 eral, or legislative auditor general, or former elected state
15 official, it includes service rendered in any other position in
16 state government.

17 (g) "Membership service" means service performed on or after
18 January 1, 1952, as a member.

19 (h) "Prior service" means service performed before January
20 1, 1952, as a judge in a court of record, or in the position of
21 constitutional court administrator, governor, lieutenant gover-
22 nor, secretary of state, attorney general, or legislative auditor
23 general, or as a former elected state official.

24 (i) "Beneficiary" means a person in receipt of an annuity or
25 other benefit provided by this act.

26 (j) "Annuity" means an annual amount payable in equal
27 monthly installments for life.

1 (k) "Annuity reserve" means the present value of an annuity,
2 or benefit in lieu of an annuity, computed according to mortality
3 tables and regular interest as adopted by the board.

4 (l) "Regular interest" means the rate or rates of interest
5 per annum, compounded annually, as determined by the board.

6 (m) "Final salary" means the annual rate of salary paid by
7 the state at the time of his or her retirement to a judge, except
8 a judge of the district court in the thirty-sixth district who
9 does not participate in the retirement system established by the
10 city of Detroit, or as otherwise provided in this subdivision.
11 For each judge of the probate court who becomes a member after
12 December 31, 1982, "final salary" means an amount equal to the
13 salary paid by the state to a judge of the district court at the
14 time of the retirement of the judge of the probate court. In
15 addition, "final salary" shall include the \$2,250.00 of the state
16 salary standardization payment if converted pursuant to section
17 14a, and the balance of the state salary standardization payment
18 if converted pursuant to section 14c. For each judge of the dis-
19 trict court in the thirty-sixth district who does not participate
20 in the retirement system established by the city of Detroit,
21 "final salary" means the total annual rate of salary paid by the
22 state and the district control unit of the thirty-sixth district
23 to the judge at the time of his or her retirement. ~~For a pro-~~
24 ~~bate judge serving in a single county of less than 15,000 popula-~~
25 ~~tion, "final salary" means the judge's total judicial salary pay-~~
26 ~~able from all sources at the time of his or her retirement, not~~
27 ~~to exceed the amount paid by the state to a district court~~

1 ~~judge.~~ BEGINNING OCTOBER 1, 1990, FOR A PROBATE JUDGE IN A
2 COUNTY HAVING A POPULATION OF LESS THAN 15,000 THAT IS NOT PART
3 OF A PROBATE COURT DISTRICT CREATED PURSUANT TO LAW, "FINAL
4 SALARY" MEANS THE ANNUAL SALARY PLUS PER DIEM EARNINGS PAID TO
5 THE JUDGE PURSUANT TO SECTIONS 821 AND 827 OF THE REVISED JUDICA-
6 TURE ACT OF 1961, ACT NO. 236 OF THE PUBLIC ACTS OF 1961, BEING
7 SECTIONS 600.821 AND 600.827 OF THE MICHIGAN COMPILED LAWS, AND
8 REPORTED TO THE RETIREMENT SYSTEM BY THE STATE COURT ADMINISTRA-
9 TOR FOR THE YEAR THAT THE JUDGE RETIRES, NOT TO EXCEED THE FINAL
10 SALARY OF A DISTRICT COURT JUDGE WHO CONVERTED THE STATE SALARY
11 STANDARDIZATION PAYMENT PURSUANT TO SECTIONS 14A AND 14C.

12 (n) "Accumulated contributions" means the sum of all amounts
13 contributed by a member and credited to his or her individual
14 account in the annuity savings fund, together with regular inter-
15 est on the amounts.

16 (o) "Aggregate annual compensation" means the sum of sala-
17 ries paid by the state to members except that the salary of a
18 judge of the recorder's court of the city of Detroit shall be
19 equivalent to the salary paid by the state to a judge of the cir-
20 cuit court, and the salary of a probate judge shall be equivalent
21 to the salary paid by the state to a judge of the district court
22 unless the probate judge serves a single county of less than
23 15,000 population in which case the total salary paid by the
24 state and the county shall be included.

25 Sec. 20. (1) The annuity savings fund is created. The
26 annuity savings fund ~~shall be~~ IS the fund in which shall be
27 accumulated, at regular interest, the contributions from the

1 salaries of members, and from which shall be paid refunds of
2 accumulated contributions as provided in this act.

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

5 (a) 3.5% of his or her salary paid to the member by the
6 state, or OF an amount equivalent to the salary ~~of that~~ paid by
7 the state to the circuit judges in the case of the recorder's
8 court of the city of Detroit, or OF an amount equivalent to the
9 salary ~~of that~~ paid by the state to the district court judges
10 in the case of probate court judges, from and after September 8,
11 1961, or upon the member's taking office, whichever is later, and
12 continuing so long as he or she remains a member.

13 (b) If the member converts \$2,250.00 of the state salary
14 standardization payment as an addition to the member's state base
15 salary pursuant to section 14a, 3.5% of the \$2,250.00 of state
16 salary standardization payment, beginning October 1, 1981, or
17 when the judge becomes a member of this system and is covered
18 under section 14a, whichever is later, and continuing so long as
19 he or she remains a member.

20 (c) If the member converts the balance of the state salary
21 standardization payment pursuant to section 14c(1), the contribu-
22 tion of each member, in lieu of contributions specified in subdi-
23 visions (a) and (b), shall be 7% of the combined state base
24 salary and the applicable standardization payment as provided in
25 sections 14a and 14c. Contributions pursuant to this subdivision
26 shall begin April 1, 1983, or when the judge becomes a member of
27 this system, whichever is later, and ~~continuing~~ CONTINUE so

1 long as he or she remains a member of this retirement system.
2 The contribution rate specified in this subdivision may be
3 increased by the retirement board in accordance with actuarially
4 determined requirements to fund the provisions of section 14c,
5 but shall not exceed the member contribution rate of the legisla-
6 tive retirement system.

7 (d) If a member is a justice of the supreme court, judge of
8 the court of appeals, constitutional court administrator, gover-
9 nor, lieutenant governor, secretary of state, attorney general,
10 or legislative auditor general, he or she shall contribute an
11 additional 1-1/2% of his or her salary paid to the member by the
12 state, beginning January 1, 1983, or upon the member's taking
13 office, whichever is later, and continuing so long as he or she
14 remains a member.

15 (3) Beginning September 1, 1981, the contributions of each
16 member who is a judge of the district court in the thirty-sixth
17 district, and who does not participate in the retirement system
18 established by the city of Detroit, shall be 3.5% of the total
19 annual salary paid to the member from state and district control
20 unit funds.

21 (4) Beginning January 1, 1984, the contribution of a probate
22 judge serving in a single county of less than 15,000 population
23 shall be 7% of his or her ~~total judicial~~ ANNUAL salary. ~~from~~
24 ~~all sources.~~ BEGINNING OCTOBER 1, 1990, A PROBATE JUDGE
25 DESCRIBED IN THIS SUBSECTION SHALL CONTRIBUTE 7% OF HIS OR HER
26 ANNUAL SALARY PLUS PER DIEM EARNINGS PAID THE JUDGE PURSUANT TO
27 SECTIONS 821 AND 827 OF THE REVISED JUDICATURE ACT OF 1961, ACT

1 NO. 236 OF THE PUBLIC ACTS OF 1961, BEING SECTIONS 600.821 AND
2 600.827 OF THE MICHIGAN COMPILED LAWS, AND REPORTED TO THE
3 RETIREMENT SYSTEM BY THE STATE COURT ADMINISTRATOR, NOT TO EXCEED
4 THE CONTRIBUTIONS PAID BY A PROBATE JUDGE PURSUANT TO
5 SUBSECTION (2)(A), (B), AND (C).

6 (5) The manner by which the members' contributions provided
7 for in this section shall be paid shall be determined by the
8 board. If a member's contribution is not paid within 60 days
9 after its due date, the member shall cease to be a member and
10 shall forfeit for the member and the member's heirs all rights in
11 and to any and all benefits. The board shall provide for the
12 maintenance of an individual account for each member showing the
13 amount of the member's contribution, together with interest addi-
14 tions to the amount of the contributions. Upon a member's
15 retirement from service, the member's accumulated contributions
16 shall be transferred from the annuity savings fund to the annuity
17 reserve fund. At the expiration of a period of 3 years following
18 the date a person ceases to be a member, any balance of accumu-
19 lated contributions standing to the person's credit in the annu-
20 ity savings fund unclaimed by ~~—~~ or on behalf of that person ~~—~~
21 shall be transferred from the annuity savings fund to the income
22 fund. If a member's accumulated contributions are forfeited by
23 the member ~~—~~ as provided in this act, the accumulated contribu-
24 tions shall be transferred from the annuity savings fund to the
25 income fund.

26 Section 2. This amendatory act shall take effect on
27 October 1, 1990.

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

4 (a) Senate Bill No. 298.

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6 (b) Senate Bill No. 300.

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