

**STATE EMPLOYEES' RETIREMENT ACT (EXCERPT)**  
**Act 240 of 1943**

**38.20j Member not making election under MCL 38.50a; calculation of retirement allowance beginning April 1, 2012; items of compensation; accumulation of service credit; member making election under MCL 38.50a(1) and designation under MCL 38.50a(2); calculation of retirement allowance; items of compensation; accumulation of service credit; treatment of member as Tier 1; "attainment date" defined.**

Sec. 20j.

(1) Beginning April 1, 2012, the calculation of a retirement allowance under this act for a member who did not make the election under section 50a shall include only the following items of credited service, as applicable:

- (a) The years and fraction of a year of credited service accrued to that member before April 1, 2012.
- (b) Credit for years of service under sections 18(1) and 49(10).
- (c) Service credit that was purchased before April 1, 2012.
- (d) Service credit that is purchased under a payment plan pursuant to this act that was in effect as of March 31, 2012.

(2) Beginning April 1, 2012, the calculation of a retirement allowance under this act for a member who did not make the election under section 50a shall include only the following items of compensation:

- (a) Compensation received by the member before April 1, 2012.
- (b) Up to 240 hours of accrued annual leave paid at separation multiplied by the hourly rate of pay for the member as of March 31, 2012, which for purposes of final average compensation shall be treated as being paid on March 31, 2012.

(3) Beginning on April 1, 2012, a member who did not make the election under section 50a shall continue to accumulate years of service credit after becoming a qualified participant in Tier 2 only as necessary for the purpose of vesting in a retirement allowance and to determine when a retirement allowance under Tier 1 may begin under this act, except as otherwise provided in section 50a(7).

(4) A member who did not make the election under section 50a shall continue to be treated as a member for purposes of Tier 1, except as otherwise provided in section 50a(7) and except for the limitations on credited service and compensation as provided in subsections (1) and (2).

(5) Beginning April 1, 2012, the calculation of a retirement allowance under this act for a member who makes the election under section 50a(1) and the designation under section 50a(2) shall include only the following items of credited service, as applicable:

- (a) The years and fraction of a year of credited service accrued to that member on or before the attainment date.
- (b) Credit for years of service under sections 18(1) and 49(10).
- (c) Service credit that was purchased on or before the attainment date.
- (d) Service credit that is purchased under a payment plan pursuant to this act that was in effect as of the attainment date.

(6) Beginning April 1, 2012, the calculation of a retirement allowance under this act for a member who makes the election under section 50a(1) and the designation under section 50a(2) shall include only the following items of compensation:

- (a) Compensation received by the member on or before the attainment date.
- (b) Up to 240 hours of accrued annual leave paid at separation multiplied by the hourly rate of pay for the member as of the attainment date, which for purposes of final average compensation shall be treated as being paid on the attainment date.

(7) Beginning on April 1, 2012, a member who makes the election under section 50a(1) and the designation under section 50a(2) shall continue to accumulate years of service credit after becoming a qualified participant in Tier 2 only as necessary to determine when a retirement allowance under Tier 1 may begin under this act, except as otherwise provided in section 50a(7).

(8) A member who makes the election under section 50a(1) and the designation under section 50a(2) shall continue to be treated as a member for purposes of Tier 1, except as otherwise provided in section 50a(7) and except for the limitations on credited service and compensation as provided in subsections (5) and (6).

(9) As used in this section, "attainment date" means the final day of the pay period in which the member attains 30 years of credited service or the date the member terminates employment, whichever first occurs.

**History:** Add. 2011, Act 264, Imd. Eff. Dec. 15, 2011

**Compiler's Notes:** Enacting section 1 of Act 264 of 2011 provides: "Enacting section 1. If the office of retirement services in the department of technology, management, and budget receives notification from the United States internal revenue service that any section or any portion of a section of this amendatory act will cause the retirement system to be disqualified for tax purposes under the internal revenue code, then the portion that will cause the disqualification does not apply."

