

**OPTIONAL RETIREMENT ACT OF 1967**  
**Act 156 of 1967**

AN ACT to authorize the boards of control of certain state supported institutions of higher education to establish optional retirement programs for their teaching and administrative personnel.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967.

*The People of the State of Michigan enact:*

**38.381 Optional retirement act of 1967; short title.**

Sec. 1. This act shall be known and may be cited as the "optional retirement act of 1967".

**History:** 1967, Act 156, Imd. Eff. June 30, 1967.

**38.382 Definitions.**

Sec. 2. As used in this act:

(a) "Optional retirement program" means a system of retirement benefits established as a part of the plan of compensation for eligible teaching and administrative personnel.

(b) "Retirement system" means the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, Act No. 300 of the Public Acts of 1980, being sections 38.1301 to 38.1408 of the Michigan Compiled Laws.

(c) "Eligible employees" means the members of the faculty and administrative staff of state supported institutions of higher education on a full-time basis whose positions require the performance of professional services in the discharge of the educational or administrative functions of the institution.

(d) "State supported institution of higher education" means any of the following:

(i) Western Michigan university.

(ii) Eastern Michigan university.

(iii) Northern Michigan university.

(iv) Central Michigan university.

(v) Michigan technological university.

(vi) Ferris state university.

(vii) Lake Superior state university.

(viii) A community or junior college established pursuant to section 7 of article VIII of the state constitution of 1963.

(ix) A community or junior college established pursuant to part 25 of the school code of 1976, Act No. 451 of the Public Acts of 1976, being sections 380.1601 to 380.1607 of the Michigan Compiled Laws.

(e) "Board of control" means the board charged with policy direction of a state supported institution of higher education.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967;—Am. 1968, Act 185, Imd. Eff. June 20, 1968;—Am. 1994, Act 296, Eff. Oct. 1, 1994.

**38.383 Optional retirement program; establishment; participation of eligible employees, terms and conditions.**

Sec. 3. An optional retirement program for eligible employees of state supported institutions of higher education is established. A board of control shall make the program available to all eligible employees in the component institutions, agencies and units subject to its control. Eligible employees may participate in the program, subject to such rules as may be prescribed by the board of control for its institution including provisions for classification and terms and conditions on which employees may participate.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967.

**38.383a Availability of program to state supported institution of higher education's employees.**

Sec. 3a. A state supported institution of higher education that before January 1, 1970 was part of another institution of higher education that had authority under this act to make the optional retirement program available to its eligible employees is authorized to continue making the optional retirement program available to the state supported institution of higher education's employees on and after its separation from the other institution of higher education.

**History:** Add. 1994, Act 296, Eff. Oct. 1, 1994.

**38.384 Board of control; purchase of contracts providing for optional program benefits for employees.**

Sec. 4. In the administration of the optional retirement program, a board of control shall provide for the purchase of contracts providing retirement and death benefits for or on behalf of eligible employees electing to be covered by the optional retirement program.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967.

**38.385 Optional retirement program; election; time; reelection to retirement system.**

Sec. 5. (1) An eligible employee, as of the date the optional retirement program becomes available and who is a member of the retirement system, may continue his membership in the retirement system or may elect to participate in the optional retirement program and retain a limited membership in the retirement system as provided in this section.

(2) An employee becoming eligible subsequent to the date the optional retirement program becomes available may elect to become a member of the retirement system or may elect to participate in the optional retirement programs.

(3) Within 90 days after the date the optional retirement program becomes available at the state supported institution of higher education, eligible employees shall elect to participate or not to participate. An employee who becomes eligible to participate in the optional retirement program subsequent to the date the program becomes available shall make his election within 90 days following the date on which he qualifies as an eligible employee. An eligible employee not exercising the option to participate in the optional retirement program is deemed to have elected membership in the retirement system.

(4) An employee who elected the optional retirement program pursuant to subsection (3) before September 1, 1974, may by written election to his employing institution reelection to become a member of the retirement system. Membership in the retirement system of all persons exercising this reelection shall be effective July 1, 1975, and shall apply only to earnings on and after July 1, 1975. A person eligible for reelection to the retirement system under this subsection and not having exercised reelection by March 1, 1976, shall be deemed to have elected to remain in the optional retirement program.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967;—Am. 1975, Act 284, Imd. Eff. Dec. 2, 1975.

**38.386 Optional retirement program; participant deemed limited member of retirement system; refund of contributions upon termination of service or death; computation of benefits; reelection to retirement system as bar to service credit.**

Sec. 6. (1) An eligible employee electing to participate in the optional retirement program in accordance with section 5(1) is deemed to be a limited member of the retirement system for the purpose of determining his eligibility for rights and benefits in the retirement system. His continued service with a state supported institution of higher education while under the optional retirement program is deemed to be member service in the retirement system for the purpose of determining his eligibility for retirement benefits dependent upon a specified period of total service or upon attainment of a specified age while in service.

(2) If an eligible employee who has elected to participate in the optional retirement program in accordance with section 5(1) terminates service or dies before becoming eligible for a retirement benefit, he or his named beneficiary, is entitled to a refund of his contributions to the retirement system, including interest at the rate of 2 1/2% per annum.

(3) If an eligible employee has elected to participate in the optional retirement program and retains a limited membership in the retirement system in accordance with section 5(1), the basis for computation of his retirement benefits under the retirement system after his election to participate in the optional retirement program shall be all of the following:

(a) The credited service as of the time of making the election.

(b) The average of his annual compensation for those 5 consecutive years before the time of making the election which produces the highest amount, or, the average of his annual compensation before the time of making the election if his total credited service is less than 5 years.

(4) An eligible employee electing to participate in the optional retirement program, and his beneficiaries, is not entitled to a right or benefit under the retirement system other than to the extent the rights and benefits are expressly provided for in this section.

(5) An employee who reelections to return to the retirement system under section 5(4), shall not be eligible to receive service credit for that period of time during which he was a member of the optional retirement program under this act.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967;—Am. 1975, Act 284, Imd. Eff. Dec. 2, 1975.

**38.387 Optional retirement program; amounts to be disbursed and credited to employee's benefit.**

Sec. 7. For an eligible employee who has elected in accordance with section 5 to participate in the optional retirement program, the following amounts shall be disbursed and credited each fiscal year to his benefit in the optional retirement program:

(a) By the eligible employee, the amount which he would have been required to contribute during the year as a member of the retirement system.

(b) By the state supported institution of higher education, from funds subject to its control, for the benefit of all eligible employees, those amounts as may be determined by the board of control plus an amount equal to that required by federal statutes as the employer's contributions under the federal insurance contribution act for that employee.

(c) From the eligible employee such amounts, in addition to those required under subdivisions (a) and (b), as may be determined by the board of control.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967;—Am. 1968, Act 185, Imd. Eff. June 20, 1968;—Am. 1975, Act 284, Imd. Eff. Dec. 2, 1975.

**38.388 Federal social security old-age, survivors' and disability insurance coverage.**

Sec. 8. An eligible employee electing to participate in the optional retirement program shall have old-age, survivors and disability insurance coverage provided by the federal social security act.

**History:** 1967, Act 156, Imd. Eff. June 30, 1967.

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