



HOUSE BILL No. 4940

July 13, 1993, Introduced by Reps. Dobb, Kaza, Gilmer, Rhead, Crissman, Bullard, Bankes, Walberg, Dolan, Jaye, Goschka, Dalman, Middleton, Horton, Kukuk, Lowe, McManus, Voorhees, Hammerstrom, Hill, Whyman, Jamian, Jersevic, Shugars, Galloway, Bobier, Bender, Gernaat, Stille, London, Sikkema, Nye and McBryde and referred to the Committee on Appropriations.

A bill to amend section 6 of Act No. 261 of the Public Acts of 1957, entitled as amended
"Michigan legislative retirement system act,"
as amended by Act No. 185 of the Public Acts of 1981, being section 38.1006 of the Michigan Compiled Laws; and to add section 61.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 6 of Act No. 261 of the Public Acts of
2 1957, as amended by Act No. 185 of the Public Acts of 1981, being
3 section 38.1006 of the Michigan Compiled Laws, is amended and
4 section 61 is added to read as follows:

5 Sec. 6. (1) ~~"Member"~~ EXCEPT AS PROVIDED IN SUBSECTION.
6 (2), "MEMBER" means any of the following:

1 (a) A legislator of this state, except a legislator who has
2 elected not to participate in the retirement system under section
3 18.

4 (b) The secretary of the senate who served not less than 6
5 months before January 1, 1979, and for not less than 3 months
6 after January 1, 1979.

7 (c) The clerk of the house who served not less than 6 months
8 before January 1, 1979, and for not less than 3 months after
9 January 1, 1979.

10 (d) The lieutenant governor.

11 (2) MEMBER DOES NOT INCLUDE ANY OF THE FOLLOWING:

12 (A) A PERSON WHO BECOMES A LEGISLATOR OF THIS STATE ON OR
13 AFTER JANUARY 1, 1994, UNLESS THE PERSON IS A DEFERRED VESTED
14 MEMBER.

15 (B) A PERSON WHO IS A MEMBER ON DECEMBER 31, 1994 AND WHO
16 ELECTS TO TERMINATE MEMBERSHIP IN THE MANNER PROVIDED IN SECTION
17 61.

18 SEC. 61. (1) THE RETIREMENT SYSTEM SHALL PROVIDE AN OPPOR-
19 TUNITY FOR EACH MEMBER WHO IS A MEMBER ON DECEMBER 31, 1993 TO
20 ELECT TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM AND ELECT
21 TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRIBU-
22 TION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRI-
23 BUTION PLAN ACT. THE RETIREMENT SYSTEM SHALL OFFER 1 OPPORTUNITY
24 FOR A MEMBER TO ELECT TO TERMINATE MEMBERSHIP IN THE RETIREMENT
25 SYSTEM AND ELECT TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE
26 DEFINED CONTRIBUTION PLAN AND ONCE MADE, THE ELECTION IS
27 IRREVOCABLE BY THE MEMBER. THE MEMBER SHALL MAKE THE ELECTION

1 UNDER THIS SUBSECTION IN WRITING. OTHERWISE, THE METHOD OF
2 ELECTION SHALL BE DETERMINED BY THE RETIREMENT BOARD. THE
3 RETIREMENT SYSTEM SHALL BEGIN ACCEPTING WRITTEN ELECTIONS FROM
4 MEMBERS ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION. THE
5 RETIREMENT SYSTEM SHALL NOT ACCEPT WRITTEN ELECTIONS FROM MEMBERS
6 AFTER NOVEMBER 1, 1994. IF THE MEMBER IS MARRIED AT THE TIME OF
7 THE ELECTION, THE ELECTION IS NOT EFFECTIVE UNLESS THE ELECTION
8 IS SIGNED BY THE MEMBER'S SPOUSE, EXCEPT THAT THIS REQUIREMENT
9 MAY BE WAIVED BY THE RETIREMENT BOARD IF THE SIGNATURE OF THE
10 MEMBER'S SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING
11 CIRCUMSTANCES. A MEMBER WHO MAKES A WRITTEN ELECTION UNDER THIS
12 SUBSECTION SHALL ELECT TO DO ALL OF THE FOLLOWING:

13 (A) CEASE TO BE A MEMBER OF THIS RETIREMENT SYSTEM EFFECTIVE
14 12 MIDNIGHT DECEMBER 31, 1994.

15 (B) BECOME A PARTICIPANT IN THE MICHIGAN PUBLIC EMPLOYEE
16 DEFINED CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE
17 DEFINED CONTRIBUTION PLAN ACT EFFECTIVE 12:01 A.M. ON JANUARY 1,
18 1995.

19 (C) EXCEPT AS PROVIDED IN SUBSECTION (2), WAIVE ALL OF HIS
20 OR HER RIGHTS TO A PENSION, AN ANNUITY, A RETIREMENT ALLOWANCE,
21 AN INSURANCE BENEFIT, OR ANY OTHER BENEFIT UNDER THIS ACT EFFEC-
22 TIVE 12 MIDNIGHT DECEMBER 31, 1994.

23 (2) THE RETIREMENT SYSTEM SHALL TRANSFER TO THE MICHIGAN
24 PUBLIC EMPLOYEE DEFINED CONTRIBUTION PLAN FOR EACH MEMBER WHO
25 ELECTS TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM UNDER
26 SUBSECTION (1) A LUMP SUM AMOUNT FROM THE RETIREMENT SYSTEM EQUAL
27 TO THE SUM OF THE FOLLOWING:

1 (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, AS OF 12
2 MIDNIGHT DECEMBER 31, 1994 FROM THE MEMBERS' SAVINGS FUND.

3 (B) THE EXCESS, IF ANY, OF THE ACTUARIAL PRESENT VALUE OF
4 THE MEMBER'S ACCRUED RETIREMENT ALLOWANCE, OVER THE AMOUNT SPECI-
5 FIED IN SUBDIVISION (A), FROM THE MEMBERS' RETIREMENT FUND. FOR
6 PURPOSES OF THIS SUBDIVISION, THE MEMBER'S ACCRUED RETIREMENT
7 ALLOWANCE IS EQUAL TO THE RETIREMENT ALLOWANCE COMPUTED BASED
8 UPON THE MEMBER'S ESTIMATED CREDITED SERVICE AND ESTIMATED FINAL
9 AVERAGE COMPENSATION AS OF 12 MIDNIGHT DECEMBER 31, 1994. THE
10 ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF 12 MIDNIGHT
11 DECEMBER 31, 1994 AND SHALL BE BASED UPON ALL OF THE FOLLOWING:

12 (i) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST, COMPOUNDED
13 ANNUALLY.

14 (ii) A 50% MALE AND 50% FEMALE GENDER NEUTRAL BLEND OF THE
15 MORTALITY TABLES USED TO PROJECT RETIRANT LONGEVITY IN THE
16 SEPTEMBER 30, 1993 ANNUAL ACTUARIAL VALUATION REPORT.

17 (iii) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S
18 ESTIMATED CREDITED SERVICE AS OF 12 MIDNIGHT DECEMBER 31, 1994.
19 THE BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGER OF THE FOLLOW-
20 ING, BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF 12 MID-
21 NIGHT DECEMBER 31, 1994:

22 (A) AGE 55.

23 (B) AGE 50, IF THE MEMBER'S ESTIMATED CREDITED SERVICE
24 EQUALS OR EXCEEDS 20 YEARS.

25 (3) FOR PURPOSES OF SUBSECTION (2), THE MEMBER'S ESTIMATED
26 CREDITED SERVICE AND ESTIMATED FINAL AVERAGE COMPENSATION SHALL
27 BE ESTIMATED BASED UPON METHODS ADOPTED BY THE RETIREMENT BOARD.

1 FOR EACH MEMBER WHO ELECTS TO TERMINATE MEMBERSHIP IN THE
2 RETIREMENT SYSTEM UNDER SUBSECTION (1), THE RETIREMENT SYSTEM
3 SHALL RECOMPUTE THE AMOUNT TRANSFERRED UNDER SUBSECTION (2) NOT
4 LATER THAN DECEMBER 31, 1995 BASED UPON THE MEMBER'S ACTUAL CRED-
5 ITED SERVICE AND ACTUAL FINAL AVERAGE COMPENSATION AS OF 12 MID-
6 NIGHT DECEMBER 31, 1994. THE RETIREMENT SYSTEM SHALL TRANSFER
7 FROM THE MEMBERS' RETIREMENT FUND TO THE MICHIGAN PUBLIC EMPLOYEE
8 DEFINED CONTRIBUTION PLAN THE EXCESS, IF ANY, OF THE RECOMPUTED
9 AMOUNT OVER THE PREVIOUSLY TRANSFERRED AMOUNT TOGETHER WITH
10 INTEREST FROM 12 MIDNIGHT DECEMBER 31, 1994 TO THE DATE OF THE
11 TRANSFER UNDER THIS SUBSECTION, BASED UPON 8% EFFECTIVE ANNUAL
12 INTEREST, COMPOUNDED ANNUALLY.

13 Section 2. This amendatory act shall not take effect unless
14 Senate Bill No. _____ or House Bill No. 4936 (request
15 no. 03641'93 **) of the 87th Legislature is enacted into law.