



SENATE BILL No. 1048

March 8, 1994, Introduced by Senators WELBORN and CARL and referred to the Committee on Labor

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 (1) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST COMPOUNDED
13 ANNUALLY

14 (11) 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 (111) 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 1043
15 of the 87th Legislature is enacted into law