



# SENATE BILL No. 1049

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

A bill to amend section 401 of Act No 234 of the Public  
Acts of 1992, entitled  
"The judges retirement act of 1992,"  
being section 38 2401 of the Michigan Compiled Laws and to add  
section 309

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 401 of Act No 234 of the Public Acts of  
2 1992, being section 38 2401 of the Michigan Compiled Laws, is  
3 amended and section 309 is added to read as follows  
4 SEC 309 (1) THE RETIREMENT SYSTEM SHALL PROVIDE AN OPPOR-  
5 TUNITY FOR EACH MEMBER WHO IS A MEMBER ON DECEMBER 31, 1993 TO  
6 ELECT TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM AND ELECT  
7 TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE DEFINED  
8 CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE DEFINED  
9 CONTRIBUTION PLAN ACT THE RETIREMENT SYSTEM SHALL OFFER 1

1 OPPORTUNITY FOR A MEMBER TO ELECT TO TERMINATE MEMBERSHIP IN THE  
 2 RETIREMENT SYSTEM AND ELECT TO PARTICIPATE IN THE MICHIGAN PUBLIC  
 3 EMPLOYEE DEFINED CONTRIBUTION PLAN AND ONCE MADE, THE ELECTION IS  
 4 IRREVOCABLE BY THE MEMBER THE MEMBER SHALL MAKE THE ELECTION  
 5 UNDER THIS SUBSECTION IN WRITING OTHERWISE THE METHOD OF ELEC-  
 6 TION SHALL BE DETERMINED BY THE RETIREMENT BOARD THE RETIREMENT  
 7 SYSTEM SHALL BEGIN ACCEPTING WRITTEN ELECTIONS FROM MEMBERS ON  
 8 AND AFTER THE EFFECTIVE DATE OF THIS SECTION THE RETIREMENT  
 9 SYSTEM SHALL NOT ACCEPT WRITTEN ELECTIONS FROM MEMBERS AFTER  
 10 NOVEMBER 1, 1994 IF THE MEMBER IS MARRIED AT THE TIME OF THE  
 11 ELECTION, THE ELECTION IS NOT EFFECTIVE UNLESS THE ELECTION IS  
 12 SIGNED BY THE MEMBER'S SPOUSE, EXCEPT THAT THIS REQUIREMENT MAY  
 13 BE WAIVED BY THE RETIREMENT BOARD IF THE SIGNATURE OF THE  
 14 MEMBER'S SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING  
 15 CIRCUMSTANCES A MEMBER WHO MAKES A WRITTEN ELECTION UNDER THIS  
 16 SUBSECTION SHALL ELECT TO DO ALL OF THE FOLLOWING

17 (A) CEASE TO BE A MEMBER OF THIS RETIREMENT SYSTEM EFFECTIVE  
 18 12 MIDNIGHT DECEMBER 31, 1994

19 (B) BECOME A PARTICIPANT IN THE MICHIGAN PUBLIC EMPLOYEE  
 20 DEFINED CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE  
 21 DEFINED CONTRIBUTION PLAN ACT EFFECTIVE 12 01 A M ON JANUARY 1  
 22 1995

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

1           (2) THE RETIREMENT SYSTEM SHALL TRANSFER TO THE MICHIGAN  
2 PUBLIC EMPLOYEE DEFINED CONTRIBUTION PLAN FOR EACH MEMBER WHO  
3 ELECTS TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM UNDER  
4 SUBSECTION (1) A LUMP SUM AMOUNT FROM THE RETIREMENT SYSTEM EQUAL  
5 TO THE SUM OF THE FOLLOWING

6           (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS IF ANY AS OF 12  
7 MIDNIGHT DECEMBER 31, 1994 FROM THE RESERVE FOR MEMBER  
8 CONTRIBUTIONS

9           (B) THE EXCESS, IF ANY, OF THE ACTUARIAL PRESENT VALUE OF  
10 THE MEMBER'S ACCRUED RETIREMENT ALLOWANCE OVER THE AMOUNT SPECI-  
11 FIED IN SUBDIVISION (A), FROM THE RESERVE FOR EMPLOYEE  
12 CONTRIBUTIONS FOR PURPOSES OF THIS SUBDIVISION, THE MEMBER'S  
13 ACCRUED RETIREMENT ALLOWANCE IS EQUAL TO THE RETIREMENT ALLOWANCE  
14 COMPUTED BASED UPON THE MEMBER'S ESTIMATED CREDITED SERVICE AND  
15 ESTIMATED FINAL AVERAGE COMPENSATION AS OF 12 MIDNIGHT DECEMBER  
16 31, 1994 THE ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF 12  
17 MIDNIGHT DECEMBER 31, 1994 AND SHALL BE BASED UPON ALL OF THE  
18 FOLLOWING

19           (1) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST COMPOUNDED  
20 ANNUALLY

21           (11) A 50- MALE AND 50- FEMALE GENDER NEUTRAL BLEND OF THE  
22 MORTALITY TABLES USED TO PROJECT RETIRANT LONGEVITY IN THE  
23 SEPTEMBER 30, 1993 ANNUAL ACTUARIAL VALUATION REPORT

24           (111) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S  
25 ESTIMATED CREDITED SERVICE AS OF 12 MIDNIGHT DECFMBER 31 1994  
26 THE BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGEST OF THE

1 FOLLOWING, BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF  
2 12 MIDNIGHT DECEMBER 31, 1994

3 (A) AGE 60

4 (B) AGE 55, IF THE MEMBER'S ESTIMATED CREDITED SERVICE  
5 EQUALS OR EXCEEDS 16 YEARS

6 (C) THE MEMBER'S AGE AS OF 12 MIDNIGHT DECEMBER 31, 1994, IF  
7 THE MEMBER'S ESTIMATED CREDITED SERVICE EQUALS OR EXCEEDS 25  
8 YEARS

9 (3) FOR PURPOSES OF SUBSECTION (2), THE MEMBER'S ESTIMATED  
10 CREDITED SERVICE AND ESTIMATED FINAL AVERAGE COMPENSATION SHALL  
11 BE ESTIMATED BASED UPON METHODS ADOPTED BY THE RETIREMENT BOARD  
12 FOR EACH MEMBER WHO ELECTS TO TERMINATE MEMBERSHIP IN THE RETIRE-  
13 MENT SYSTEM UNDER SUBSECTION (1), THE RETIREMENT SYSTEM SHALL  
14 RECOMPUTE THE AMOUNT TRANSFERRED UNDER SUBSECTION (2) NOT LATER  
15 THAN DECEMBER 31, 1995 BASED UPON THE MEMBER'S ACTUAL CREDITED  
16 SERVICE AND ACTUAL FINAL AVERAGE COMPENSATION AS OF 12 MIDNIGHT  
17 DECEMBER 31 1994 THE RETIREMENT SYSTEM SHALL TRANSFER FROM THE  
18 RESERVE FOR EMPLOYEE CONTRIBUTIONS TO THE MICHIGAN PUBLIC  
19 EMPLOYEE DEFINED CONTRIBUTION PLAN THE EXCESS, IF ANY OF THE  
20 RECOMPUTED AMOUNT OVER THE PREVIOUSLY TRANSFERRED AMOUNT TOGETHER  
21 WITH INTEREST FROM 12 MIDNIGHT DECEMBER 31, 1994 TO THE DATE OF  
22 THE TRANSFER UNDER THIS SUBSECTION, BASED UPON 8% EFFECTIVE  
23 ANNUAL INTEREST, COMPOUNDED ANNUALLY

24 Sec 401 (1) ~~Each~~ EXCEPT AS PROVIDED IN SUBSECTION (4),  
25 EACH of the following is a member of the retirement system

26 (a) A person who is duly elected or appointed as a judge or  
27 state official on or after the effective date of this act unless

1 within 30 days from taking office the judge or state official  
2 files a written notice not to participate in the retirement  
3 system with the retirement system

4 (b) A person who was a member of the former judges retire-  
5 ment system or former probate judges retirement system on ~~the~~  
6 ~~day before the effective date of this act~~ MARCH 30, 1993 and who  
7 remains a judge or state official on and after ~~the effective~~  
8 ~~date of this act~~ MARCH 31, 1993

9 (c) A person other than a retirant, who is authorized by  
10 the supreme court to perform judicial duties for a limited period  
11 or a specific assignment pursuant to section 23 of article VI of  
12 the state constitution of 1963 and who performs at least 20 days  
13 of service in a 30-consecutive day period

14 (2) A judge or state official who becomes a member under  
15 subsection (1)(a) shall complete a membership form furnished by  
16 the retirement system and shall forward the form to the retire-  
17 ment system within 30 days of taking office A judge or state  
18 official, upon becoming a member, is considered to have agreed  
19 that in the event of adjudication of the member's mental incompe-  
20 tency a guardian if appointed has the power and authority to  
21 complete and execute the necessary application forms to retire  
22 the member as provided in section 507 In all cases of doubt  
23 the retirement board shall decide the membership status of a  
24 judge or state official

25 (3) The membership of a judge or state official in the  
26 retirement system ceases when the member retires, when the  
27 members forfeits his or her membership under the provisions of

1 section 507 at the end of the judicial term in which the member  
2 who is a judge attains age 70 ~~or~~ upon ceasing to be a judge or  
3 state official unless the person is a vested former member OR IN  
4 THE MANNER PROVIDED IN SECTION 309

5 (4) A PERSON WHO TAKES OFFICE AS A JUDGE OR STATE OFFICIAL  
6 ON OR AFTER JANUARY 1, 1994 IS NOT A MEMBER OF THE RETIREMENT  
7 SYSTEM, UNLESS THE PERSON IS A VESTED FORMER MEMBER

8 Section 2 This amendatory act shall not take effect unless  
9 Senate Bill No 1043  
10 of the 87th Legislature is enacted into law