



SENATE BILL No. 1051

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

A bill to amend sections 13 and 38 of Act No 240 of the
Public Acts of 1943, entitled as amended

"State employees' retirement act,"

section 13 as amended by Act No 185 of the Public Acts of 1984,
and section 38 as amended by Act No 15 of the Public Acts of
1993, being sections 38 13 and 38 38 of the Michigan Compiled
Laws and to add section 49

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Sections 13 and 38 of Act No 240 of the Public
2 Acts of 1943, section 13 as amended by Act No 185 of the Public
3 Acts of 1984 and section 38 as amended by Act No 15 of the
4 Public Acts of 1993, being sections 38 13 and 38 38 of the
5 Michigan Compiled Laws, are amended and section 49 is added to
6 read as follows

1 Sec 13 (1) Membership in the retirement system shall
2 consist of state employees occupying permanent positions in the
3 state civil service ~~A state employee whose position is not~~
4 ~~included in the state civil service, or state employed officers~~
5 ~~or an elected or appointed state official, including county juve-~~
6 ~~nile officers appointed pursuant to section 1 of Act No 22 of~~
7 ~~the Public Acts of the Extra Session of 1919, as amended being~~
8 ~~section 400-251 of the Michigan Compiled Laws or any employee of~~
9 ~~the state accident fund as provided by Chapter 7 of Act No 317~~
10 ~~of the Public Acts of 1969, as amended being sections 418-701 to~~
11 ~~418-755 of the Michigan Compiled Laws, or the secretary of the~~
12 ~~senate, or assistant secretary of the senate, or the clerk of the~~
13 ~~house of representatives, or the assistant clerk of the house of~~
14 ~~representatives, or an employee of a state tuberculosis sanato-~~
15 ~~rium taken over by the state from a county who was an employee of~~
16 ~~the sanatorium on the date the sanatorium became a state institu-~~
17 ~~tion or an employee of a congressionally chartered veterans'~~
18 ~~organization who is paid either wholly or in part from a state~~
19 ~~general fund appropriation or an employee of the Michigan~~
20 ~~veterans' trust fund county committees who is employed on a~~
21 ~~full time basis by the committees may become a member by filing a~~
22 ~~written notice with the retirement board before July 1, 1974~~
23 ~~The employee shall pay to the retirement fund a sum equal to the~~
24 ~~amount the employee's contributions would have been had the~~
25 ~~member become a member immediately upon employment by the state~~
26 ~~with interest compounded annually at the regular rate from a date~~
27 ~~1 year after the date of employment by the state and date of~~

1 ~~payment~~—(2)— All state employees except those specifically
2 excluded by law and those who are members or eligible to be mem-
3 bers of other statutory retirement systems in this state, shall
4 become members of the retirement system The employees may use
5 service previously performed as an employee of this state in
6 meeting the service requirements for the retirement allowances
7 and death benefits provided by the retirement system However,
8 the prior service shall not be used in computing the amount of a
9 retirement allowance to be paid by the retirement system unless
10 the employee pays to the retirement fund ~~with interest~~ the
11 amount the employee's contributions would have been had the
12 employee become a member immediately upon employment by the state
13 ~~as provided in subsection (1)~~ WITH INTEREST COMPOUNDED ANNUALLY
14 AT THE REGULAR RATE FROM A DATE 1 YEAR AFTER THE DATE OF EMPLOY-
15 MENT BY THIS STATE TO THE DATE OF PAYMENT A PERSON WHO DRAWS
16 COMPENSATION AS A STATE EMPLOYEE OF A POLITICAL SUBDIVISION OF
17 THIS STATE IS ELIGIBLE FOR THE BENEFITS PROVIDED BY THIS ACT TO
18 THE EXTENT OF THE PERSON'S COMPENSATION PAID BY THIS STATE

19 (2) Elected or appointed state officials may elect not to
20 become or continue as members of the retirement system by filing
21 written notice with the retirement board An appointed state
22 official who is a member of a state board, commission, or council
23 and who receives a per diem rate in his or her capacity as a
24 member of the board, commission or council shall be excluded
25 from membership in the retirement system for the service rendered
26 in his or her capacity as a member of the board commission, or
27 council Service performed by an elected or appointed official

1 during the time the official elects not to participate shall not
 2 be used in meeting the service requirement or in computing the
 3 amount of retirement allowance to be paid by the retirement
 4 system A member who elects not to participate shall be refunded
 5 all contributions made before the election

6 (3) Membership in the retirement system shall not include a
 7 person who is a contributing member in ~~—a—~~ THE public school
 8 employees' retirement system provided for in the public school
 9 employees retirement act of 1979, Act No 300 of the Public Acts
 10 of 1980, being sections 38 1301 to ~~—38—1407—~~ 38 1408 of the
 11 Michigan Compiled Laws ~~—,~~ or the ~~—probate judges—~~ MICHIGAN
 12 JUDGES retirement system provided for in THE JUDGES RETIREMENT
 13 ACT OF 1992, Act No ~~—165—~~ 234 of the Public Acts of ~~—1954—~~ 1992
 14 ~~—as amended,—~~ being sections ~~—38—901—~~ 38 2101 to ~~—38—933—~~ 38 2608
 15 of the Michigan Compiled Laws ~~— or the judges' retirement~~
 16 ~~system provided for in Act No 198 of the Public Acts of 1951, as~~
 17 ~~amended, being sections 38 801 to 38 831 of the Michigan Compiled~~
 18 ~~Laws, nor shall it include~~ OR a person who comes within the
 19 Michigan state police ~~—pension—accident—and disability—~~
 20 RETIREMENT system as provided for in THE STATE POLICE RETIREMENT
 21 ACT OF 1986, Act No ~~—251—~~ 182 of the Public Acts of ~~—1935—~~ 1986,
 22 ~~—as amended,—~~ being sections ~~—28—101—~~ 38 1601 to ~~—28—110—~~ 38 1648
 23 of the Michigan Compiled Laws ~~—A person who draws compensation~~
 24 ~~as a state employee and also as an employee of a political subdi-~~
 25 ~~vision of the state shall be eligible for the benefits provided~~
 26 ~~by this act to the extent of the person's compensation paid by~~
 27 ~~the state—~~

1 (4) ~~—(3)—~~ On July 1 1974 the contributing members of the
2 Michigan public school employees' retirement system who are
3 employed in the state classified or unclassified service as pro-
4 vided for in former Act No 136 of the Public Acts of 1945 shall
5 have their membership transferred to the retirement system The
6 accumulated contributions, including interest, for each member,
7 and service standing to the member's credit as of June 30, 1974
8 shall be transferred from the annuity accumulation fund estab-
9 lished under former Act No 136 of the Public Acts of 1945 to the
10 ~~employee~~ EMPLOYEES' savings fund of this retirement system
11 ~~—(4)—~~ The accumulated contributions and prior service shall be
12 transferred to the ~~employee~~ EMPLOYEES' savings fund of this
13 retirement system from the pension accumulation fund established
14 under former Act No 136 of the Public Acts of 1945 and its
15 predecessor acts for service performed as a teaching or nonteach-
16 ing public school employee before July 1, 1945

17 (5) A person hired in state classified or unclassified serv-
18 ice after June 30, 1974, possessing a Michigan teaching certifi-
19 cate shall be a member of this retirement system After June 30
20 1974, a person who returns to state employment in the classified
21 or unclassified service who previously was a contributing member
22 of the Michigan public school employees' retirement system shall
23 have the person's accumulated contributions and service trans-
24 ferred to this retirement system, or having withdrawn the contri-
25 butions, may pay into the retirement system the amount withdrawn
26 together with regular interest and have credit restored as
27 provided for in section 16

1 (6) A person whose membership service and prior service in
2 the Michigan public school employees' retirement system was
3 transferred to this retirement system shall be entitled to the
4 service ~~which~~ THAT otherwise would have been creditable to the
5 member had the member remained a member of the Michigan public
6 school employees' retirement system under former Act No 136 of
7 the Public Acts of 1945

8 (7) A person, ~~who participates in a transitional public~~
9 ~~employment program financed with federal or state funds designed~~
10 ~~to reach the unemployed or underemployed and provide short term,~~
11 ~~limited, or temporary employment shall not be a member of this~~
12 ~~retirement system or be defined as an employee occupying a per-~~
13 ~~manent position under subsection (1) As used in this subsection~~
14 ~~and subsection (8), "transitional public employment program"~~
15 ~~means a public service employment program in the area of environ-~~
16 ~~mental quality health care education public safety crime pre-~~
17 ~~vention and control, prison rehabilitation, transportation, rec-~~
18 ~~reation maintenance of parks streets and other public facili-~~
19 ~~ties, solid waste removal, pollution control housing and neigh-~~
20 ~~borhood improvements rural development, conservation beautifi-~~
21 ~~cation, veterans' out-reach or any other area of human better-~~
22 ~~ment and community improvement as part of a~~ NOT REGULARLY
23 EMPLOYED BY THIS STATE, WHO IS EMPLOYED THROUGH PARTICIPATION IN
24 1 OR MORE OF THE FOLLOWING PROGRAMS, SHALL NOT BE A MEMBER OF THE
25 RETIREMENT SYSTEM AND SHALL NOT RECEIVE SERVICE CREDIT FOR THE
26 EMPLOYMENT

1 (A) A program ~~of comprehensive manpower services~~
2 authorized, undertaken, and financed pursuant to the
3 comprehensive employment and training act, former Public Law
4 93-203, 87 Stat 839

5 ~~(8) If a person described in subsection (7) later becomes a~~
6 ~~member of this retirement system within 12 months after the date~~
7 ~~of termination as a participant in a transitional public employ-~~
8 ~~ment program, service credit shall be given for employment which~~
9 ~~is excluded in subsection (7) for purposes of determining a~~
10 ~~retirement allowance upon the payment by the person's employer~~
11 ~~under subsection (7) from funds provided under the comprehensive~~
12 ~~employment and training act, former Public Law 93-203,~~
13 ~~87 Stat 839, as funds permit, to the retirement system of the~~
14 ~~contributions, plus regular interest, the employer would have~~
15 ~~paid had the employment been rendered in a position covered by~~
16 ~~this act. During the person's employment in the transitional~~
17 ~~public employment program the person's employer shall place in~~
18 ~~reserve a reasonable but not necessarily an actuarially deter-~~
19 ~~mined amount equal to the contributions which the employer would~~
20 ~~have paid to the retirement system for those employees in the~~
21 ~~transitional public employment program as if they were members~~
22 ~~under this act but only for that number of employees which the~~
23 ~~employer determined would move from the transitional public~~
24 ~~employment program into positions covered by this act. If the~~
25 ~~funds provided under the comprehensive employment and training~~
26 ~~act, former Public Law 93-203, 87 Stat 839, are insufficient,~~

1 ~~the remainder of the employer contributions shall be paid by the~~
2 ~~person's current employer~~

3 ~~(9) A person, not regularly employed by the state, who is~~
4 ~~hired by the state through a~~

5 (B) A summer youth employment program established pursuant
6 to the Michigan youth corps act, Act No 69 of the Public Acts of
7 1983, being sections 409 221 to ~~409 230~~ 409 229 of the Michigan
8 Compiled Laws ~~, shall not be a member of this retirement~~
9 ~~system~~—In addition, a person described in this subsection shall
10 ~~not receive service credit for the employment described in this~~
11 ~~subsection even though the person subsequently becomes or has~~
12 ~~been a member of this retirement system~~

13 ~~(10) A person, not regularly employed by the state, who is~~
14 ~~hired by the state to administer a program described in subsec-~~
15 ~~tion (9), (11), (12), or (13) shall not be a member of this~~
16 ~~retirement system~~—In addition, a person described in this sub-
17 ~~section shall not receive service credit for the employment~~
18 ~~described in this subsection even though the person subsequently~~
19 ~~becomes or has been a member of this retirement system~~

20 ~~(11) A person not regularly employed by the state who is~~
21 ~~employed by the state through participation in a~~

22 (C) A program established pursuant to the job training part-
23 nership act, Public Law 97-300, 96 Stat 1322 ~~—shall not be a~~
24 ~~member of this retirement system~~—In addition a person
25 ~~described in this subsection shall not receive service credit for~~
26 ~~the employment described in this subsection even though the~~

~~1 person subsequently becomes or has been a member of this
2 retirement system~~

~~3 (12) A person, not regularly employed by the state who is
4 employed by the state through participation in a~~

~~5 (D) A program established pursuant to the Michigan opportu-
6 nity and skills training program, FIRST ESTABLISHED under sec-
7 tions 12 to 23 of Act No 259 of the Public Acts of 1983 —,
8 shall not be a member of this retirement system. In addition, a
9 person described in this subsection shall not receive service
10 credit for the employment described in this subsection even
11 though the person subsequently becomes or has been a member of
12 this retirement system~~

~~13 (13) A person, not regularly employed by the state who is
14 employed by the state through participation in a~~

~~15 (E) A program established pursuant to the Michigan community
16 service corps program FIRST ESTABLISHED under sections 25 to 35
17 of Act No 259 of the Public Acts of 1983 —, shall not be a
18 member of this retirement system. In addition a person
19 described in this subsection shall not receive service credit for
20 the employment described in this subsection even though the
21 person subsequently becomes or has been a member of this retire-
22 ment system~~

~~23 (8) A PERSON, NOT REGULARLY EMPLOYED BY THIS STATE WHO IS
24 EMPLOYED TO ADMINISTER A PROGRAM DESCRIBED IN SUBSECTION (7)
25 SHALL NOT BE A MEMBER OF THE RETIREMENT SYSTEM AND SHALL NOT
26 RECEIVE SERVICE CREDIT FOR THE EMPLOYMENT~~

1 (9) A PERSON WHO IS NOT EMPLOYED BY THIS STATE ON DECEMBER
2 31, 1993 AND WHO BECOMES EMPLOYED BY THIS STATE ON OR AFTER
3 JANUARY 1, 1994 SHALL NOT BE A MEMBER OF THE RETIREMENT SYSTEM
4 AND SHALL NOT RECEIVE SERVICE CREDIT FOR THAT STATE EMPLOYMENT,
5 UNLESS THE PERSON IS A DEFERRED MEMBER

6 (10) A PERSON WHO IS A MEMBER OF THIS RETIREMENT SYSTEM ON
7 DECEMBER 31, 1993 AND WHO ELECTS TO TERMINATE MEMBERSHIP IN THE
8 MANNER PROVIDED IN SECTION 49, SHALL NOT BE A MEMBER OF THE
9 RETIREMENT SYSTEM EFFECTIVE JANUARY 1, 1995 AND SHALL NOT RECEIVE
10 SERVICE CREDIT FOR THAT STATE EMPLOYMENT

11 Sec 38 (1) The annual level percent of payroll contribu-
12 tion rate to finance the benefits provided under this act shall
13 be determined by actuarial valuation pursuant to subsections (2)
14 and (3), upon the basis of the risk assumptions adopted by the
15 retirement board with approval of the department of management
16 and budget, and in consultation with the investment counsel and
17 the actuary An annual actuarial valuation shall be made of the
18 retirement system in order to determine the actuarial condition
19 of the retirement system and the required contribution to the
20 retirement system The actuarial value of assets used in the
21 actuary's computation of the required contribution to the retire-
22 ment system shall be based upon the market value of the assets as
23 of September 30, 1986, with subsequent changes in asset values
24 spread over a period of 5 years The actuary shall report to the
25 legislature by April 15 of each year on the actuarial condition
26 of the retirement system as of the end of the previous fiscal
27 year and on the projections of state contributions for the next

1 fiscal year The actuary shall certify in the report that the
2 techniques and methodologies used are generally accepted within
3 the actuarial profession and that the assumptions and cost esti-
4 mates used fall within the range of reasonable and prudent
5 assumptions and cost estimates An annual actuarial gain-loss
6 experience study of the retirement system shall be made in order
7 to determine the financial effect of variations of actual retire-
8 ment system experience from projected experience

9 (2) The contribution rate for monthly benefits payable in
10 the event of the death of a member before retirement or the dis-
11 ability of a member shall be computed using a terminal funding
12 method of actuarial valuation

13 (3) The contribution rate for benefits other than those pro-
14 vided for in subsection (2), including dental and vision benefits
15 under section 20d, shall be computed using an individual
16 projected benefit entry age normal cost method of valuation The
17 contribution rate for service that may be rendered in the current
18 year, the normal cost contribution rate shall be equal to the
19 aggregate amount of individual entry age normal costs divided by
20 1/ of the aggregate amount of active members' valuation

21 compensation BEGINNING WITH THE 1993-94 STATE FISCAL YEAR, THE
22 NORMAL COST CONTRIBUTION RATE SHALL BE EQUAL TO THE EMPLOYER CON-
23 TRIBUTION RATE TO THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRIBU-
24 TION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRI-
25 BUTION PLAN ACT The unfunded actuarial accrued liability shall
26 be equal to the actuarial present value of benefits reduced by
27 the actuarial present value of future normal cost contributions

1 and the actuarial value of assets on the valuation date
2 Beginning with the 1992-93 state fiscal year, the unfunded actu-
3 arial accrued liability ~~shall be amortized over a period of 50~~
4 ~~years~~ CONTRIBUTION RATE SHALL BE EQUAL TO THE UNFUNDED ACTUAR-
5 IAL ACCRUED LIABILITY DIVIDED BY 1/ OF THE ACTUARIAL PRESENT
6 VALUE, OVER A PERIOD OF 50 YEARS, OF PROJECTED ACTIVE MEMBER VAL-
7 UATION COMPENSATION BEGINNING WITH THE 1993-94 STATE FISCAL
8 YEAR, THE 50-YEAR PERIOD SHALL BE A FIXED PERIOD BEGINNING
9 OCTOBER 1, 1993 AND ENDING SEPTEMBER 30, 2043 AND THE PRESENT
10 VALUE OF PROJECTED ACTIVE MEMBER COMPENSATION SHALL INCLUDE THE
11 PROJECTED COMPENSATION OF PERSONS EXCLUDED FROM MEMBERSHIP IN THE
12 RETIREMENT SYSTEM PURSUANT TO SECTION 13(9) AND (10)

13 (4) The legislature annually shall appropriate to the
14 retirement system the amount determined pursuant to subsections
15 (2) and (3) The state treasurer shall transfer monthly to the
16 retirement system an amount equal to the product of the contribu-
17 tion rates determined in subsections (2) and (3) times the aggre-
18 gate amount of active member compensation paid during that
19 month Not later than 60 days after the termination of each
20 state fiscal year the bureau of retirement systems shall certify
21 to the director of the department of management and budget the
22 actual aggregate compensations paid to active members during the
23 preceding state fiscal year Upon receipt of that certification
24 the director of the department of management and budget shall
25 compute the difference if any between actual state contribu-
26 tions received during the preceding state fiscal year and the
27 product of the contribution rates determined in subsections (2)

1 and (3) times the aggregate compensations paid to active members
2 during the preceding state fiscal year The difference, if any,
3 shall be submitted in the executive budget to the legislature for
4 appropriation in the next succeeding state fiscal year

5 SEC 49 (1) THE RETIREMENT SYSTEM SHALL PROVIDE AN OPPOR-
6 TUNITY FOR EACH MEMBER WHO IS A MEMBER ON DECEMBER 31, 1993 TO
7 ELECT TO TERMINATE MEMBERSHIP IN THIS RETIREMENT SYSTEM AND ELECT
8 TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRIBU-
9 TION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRI-
10 BUTION PLAN ACT THE RETIREMENT SYSTEM SHALL OFFER 1 OPPORTUNITY
11 FOR A MEMBER TO ELECT TO TERMINATE MEMBERSHIP IN THE RETIREMENT
12 SYSTEM AND ELECT TO PARTICIPATE IN THE MICHIGAN PUBLIC EMPLOYEE
13 DEFINED CONTRIBUTION PLAN AND ONCE MADE, THE ELECTION IS IRREVO-
14 CABLE BY THE MEMBER THE MEMBER SHALL MAKE THE ELECTION UNDER
15 THIS SUBSECTION IN WRITING OTHERWISE, THE METHOD OF ELECTION
16 SHALL BE DETERMINED BY THE RETIREMENT BOARD AND THE DEPARTMENT
17 THE RETIREMENT SYSTEM SHALL BEGIN ACCEPTING WRITTEN ELECTIONS
18 FROM MEMBERS ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION
19 THE RETIREMENT SYSTEM SHALL NOT ACCEPT WRITTEN ELECTIONS FROM
20 MEMBERS AFTER NOVEMBER 1, 1994 IF THE MEMBER IS MARRIED AT THE
21 TIME OF THE ELECTION, THE ELECTION IS NOT EFFECTIVE UNLESS THE
22 ELECTION IS SIGNED BY THE MEMBER'S SPOUSE, EXCEPT THAT THIS
23 REQUIREMENT MAY BE WAIVED BY THE RETIREMENT BOARD AND THE DEPART-
24 MENT IF THE SIGNATURE OF THE MEMBER'S SPOUSE CANNOT BE OBTAINED
25 BECAUSE OF EXTENUATING CIRCUMSTANCES A MEMBER WHO MAKES A WRIT-
26 TEN ELECTION UNDER THIS SUBSECTION SHALL ELECT TO DO ALL OF THE
27 FOLLOWING

1 (A) CEASE TO BE A MEMBER OF THIS RETIREMENT SYSTEM EFFECTIVE
2 12 MIDNIGHT DECEMBER 31, 1994

3 (B) BECOME A PARTICIPANT IN THE MICHIGAN PUBLIC EMPLOYEE
4 DEFINED CONTRIBUTION PLAN CREATED BY THE MICHIGAN PUBLIC EMPLOYEE
5 DEFINED CONTRIBUTION PLAN ACT EFFECTIVE 12 01 A M ON JANUARY 1,
6 1995

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

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

16 (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, AS OF 12
17 MIDNIGHT DECEMBER 31, 1994 FROM THE EMPLOYEES' SAVINGS FUND

18 (B) THE EXCESS, IF ANY, OF THE ACTUARIAL PRESENT VALUE OF
19 THE MEMBER'S ACCRUED RETIREMENT ALLOWANCE OVER THE AMOUNT SPECI-
20 FIED IN SUBDIVISION (A), FROM THE EMPLOYER'S ACCUMULATION FUND
21 FOR PURPOSES OF THIS SUBDIVISION, THE MEMBER'S ACCRUED RETIREMENT
22 ALLOWANCE IS EQUAL TO THE RETIREMENT ALLOWANCE COMPUTED BASED
23 UPON THE MEMBER'S ESTIMATED CREDITED SERVICE AND ESTIMATED FINAL
24 AVERAGE COMPENSATION AS OF 12 MIDNIGHT DECEMBER 31, 1994 THE
25 ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF 12 MIDNIGHT
26 DECEMBER 31, 1994 AND SHALL BE BASED UPON ALL OF THE FOLLOWING

1 (1) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST COMPOUNDED
2 ANNUALLY

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

6 (111) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S
7 ESTIMATED CREDITED SERVICE AS OF 12 MIDNIGHT DECEMBER 31, 1994
8 THE BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGER OF THE FOLLOW-
9 ING, BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF 12 MID-
10 NIGHT DECEMBER 31, 1994

11 (A) AGE 60

12 (B) AGE 55, IF THE MEMBER'S ESTIMATED CREDITED SERVICE
13 EQUALS OR EXCEEDS 30 YEARS

14 (3) FOR PURPOSES OF SUBSECTION (2), THE MEMBER'S ESTIMATED
15 CREDITED SERVICE AND ESTIMATED FINAL AVERAGE COMPENSATION SHALL
16 BE ESTIMATED BASED UPON METHODS ADOPTED BY THE RETIREMENT BOARD
17 AND THE DEPARTMENT FOR EACH MEMBER WHO ELECTS TO TERMINATE MEM-
18 BERSHIP IN THE RETIREMENT SYSTEM UNDER SUBSECTION (1), THE
19 RETIREMENT SYSTEM SHALL RECOMPUTE THE AMOUNT TRANSFERRED UNDER
20 SUBSECTION (2) NOT LATER THAN DECEMBER 31 1995 BASED UPON THE
21 MEMBER'S ACTUAL CREDITED SERVICE AND ACTUAL FINAL AVERAGE COMPEN-
22 SATION AS OF 12 MIDNIGHT DECEMBER 31, 1994 THE RETIREMENT
23 SYSTEM SHALL TRANSFER FROM THE EMPLOYER'S ACCUMULATION FUND TO
24 THE MICHIGAN PUBLIC EMPLOYEE DEFINED CONTRIBUTION PLAN THE
25 EXCESS, IF ANY, OF THE RECOMPUTED AMOUNT OVER THE PREVIOUSLY
26 TRANSFERRED AMOUNT TOGETHER WITH INTEREST FROM 12 MIDNIGHT
27 DECEMBER 31, 1994 TO THE DATE OF THE TRANSFER UNDER THIS

1 SUBSECTION, BASED UPON 8% EFFECTIVE ANNUAL INTEREST, COMPOUNDED
2 ANNUALLY

3 Section 2 This amendatory act shall not take effect unless
4 Senate Bill No 1043
5 of the 87th Legislature is enacted into law