

**STATE EMPLOYEES' RETIREMENT ACT (EXCERPT)**  
**Act 240 of 1943**

**38.171 Purchase of additional service credit by employee of state accident fund, Michigan biologic products institute, or liquor control commission.**

Sec. 171.

(1) An employee of the state accident fund who has 5 or more but less than 10 years of credited service as of the effective date of the transfer in order to qualify for a retirement allowance under this act may purchase additional service credit under this subsection. A member who purchases additional service credit shall contribute within 10 years after the effective date of the transfer an amount equal to the product of the following:

(a) Ten less the number of years and fraction of a year of that employee's credited service.

(b) The employee's full-time or equated full-time fiscal year compensation for the last fiscal year before the effective date of the transfer.

(c) The actuarial cost percentage determined under section 1a for the year in which the effective date of the transfer occurred.

(2) In order to qualify for a retirement allowance under this act, an employee of the Michigan biologic products institute who has 5 or more but less than 10 years of credited service as of the effective date of the conveyance of the Michigan biologic products institute under the Michigan biologic products institute transfer act may purchase additional service credit under this subsection. A member who elects within 1 year after the effective date of the conveyance to purchase additional service credit under this subsection shall contribute within 11 years after the effective date of the conveyance an amount equal to the product of the following:

(a) Ten less the number of years and fraction of a year of that employee's credit service.

(b) The employee's full-time or equated full-time fiscal year compensation for the last fiscal year before the effective date of the conveyance.

(c) The actuarial cost percentage determined under section 1a(2) for the year which is 1 year after the year in which the effective date of the conveyance occurred.

(3) Subsection (2) applies only to members who were employees of the Michigan biologic products institute as of the effective date of the conveyance and who maintain employment with the transferee for not less than 1 year unless the employee is laid off by the new employer for reasons other than good cause.

(4) An employee of the liquor control commission created by section 5 of the Michigan liquor control act, Act No. 8 of the Public Acts of the Extra Session of 1933, being section 436.5 of the Michigan Compiled Laws, whose employment is terminated due to the privatization of the distribution of spirits within this state pursuant to the resolution and order adopted by the liquor control commission on February 7, 1996, a plan adopted pursuant to statute or court order, or a plan adopted pursuant to both statute and order of the liquor control commission and who has 5 or more but less than 10 years of credited service on the date the privatization is effectuated in order to qualify for a retirement allowance under this act may purchase additional service credit under this subsection. The cost of benefits paid under this section shall be paid out of the revolving fund created under section 10 of Act No. 8 of the Public Acts of the Extra Session of 1933, being section 436.10 of the Michigan Compiled Laws. A member who elects within 1 year to purchase additional service credit under this subsection shall contribute within 6 years after the privatization date or the date of separation from state employment, whichever occurs first, an amount equal to the product of the following:

(a) Ten less the number of years and fraction of a year of that employee's credited service.

(b) The employee's full-time or equated full-time fiscal year compensation for the last fiscal year before the privatization date.

(c) The actuarial cost for the year in which the privatization date occurred.

(5) Not more than 5 years of additional service credit may be purchased under this section.

**History:** Add. 1993, Act 195, Eff. Dec. 28, 1994 ;-- Am. 1995, Act 176, Imd. Eff. Oct. 17, 1995 ;-- Am. 1996, Act 521, Imd. Eff. Jan. 13, 1997

**Compiler's Notes:** Section 2 of Act 195 of 1993 provides as follows:â€œSection 2. This amendatory act shall not take effect unless the state administrative board certifies in writing to the secretary of state by December 31, 1994 that an agreement for the transfer of all or substantially all of the assets and the assumption of all or substantially all of the liabilities of the state accident fund has been consummated with a permitted transferee pursuant to the requirements of section 701a of the worker's disability compensation act of 1969, Act No. 317 of the Public Acts of 1969, being section 418.701a of the Michigan Compiled Laws.â€