

HOUSE BILL No. 4425

(As amended December 4, 2008)

March 8, 2007, Introduced by Reps. Pastor and Stahl and referred to the Committee on Judiciary.

A bill to amend 1992 PA 234, entitled
"The judges retirement act of 1992,"
(MCL 38.2101 to 38.2670) by adding section 513.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 513. (1) EFFECTIVE JANUARY 1, [2009], THE RETIREMENT
2 ALLOWANCE PAYABLE TO A RETIRANT OR BENEFICIARY OF A DECEASED
3 RETIRANT UNDER TIER 1 IS SUPPLEMENTED BY THE AMOUNT DETERMINED
4 UNDER SUBSECTION (2).

5 (2) ON OR BEFORE APRIL 1 OF EACH STATE FISCAL YEAR, THE
6 RETIREMENT SYSTEM SHALL DETERMINE THE AMOUNT BY WHICH THE ACTUARIAL
7 VALUE OF THE ASSETS IN TIER 1 EXCEED THE PRESENT VALUE OF EXPECTED
8 FUTURE BENEFIT PAYMENTS FOR TIER 1 BENEFICIARIES. IF THE AMOUNT BY
9 WHICH THE ACTUARIAL VALUE OF THE ASSETS IN TIER 1 EXCEED THE
10 PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS FOR TIER 1

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1 BENEFICIARIES [AND THE PRESENT AND FUTURE LIABILITIES OF ACTIVE MEMBERS,
VESTED TERMINATED MEMBERS, RETIRANTS, AND RETIREMENT ALLOWANCE
2 BENEFICIARIES] IS AN AMOUNT THAT WILL ALLOW RETIRANTS AND RETIREMENT
ALLOWANCE BENEFICIARIES TO RECEIVE INDIVIDUAL INCREASES OF \$900.00
3 PER YEAR [AND KEEP THE ACTUARIAL VALUE OF THE ASSETS IN TIER 1 AT 120% OF
THE PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS], THE RETIREMENT
4 SYSTEM SHALL GRANT AN INCREASE OF \$900.00
PER YEAR TO EACH RETIRANT AND RETIREMENT ALLOWANCE BENEFICIARY
5 RECEIVING RETIREMENT PAYMENTS UNDER THIS ACT. IN ANY YEAR IN WHICH
6 THE ACTUARIAL VALUE OF ASSETS EXCEEDS THE PRESENT VALUE OF EXPECTED
7 FUTURE BENEFIT PAYMENTS [AND THE PRESENT AND FUTURE LIABILITIES OF ACTIVE
MEMBERS, VESTED TERMINATED MEMBERS, RETIRANTS, AND RETIREMENT ALLOWANCE
BENEFICIARIES] BY AN AMOUNT [THAT WOULD KEEP THE ACTUARIAL VALUE
OF THE ASSETS IN TIER 1 AT 120% OF THE PRESENT VALUE OF EXPECTED FUTURE
BENEFIT PAYMENTS AND THAT WOULD RESULT IN AN INCREASE OF] LESS THAN THE
8 VALUE OF \$900.00
PER RETIRANT, THE INCREASE SHALL BE REDUCED ON A PRO RATA BASIS TO
9 REFLECT AN AMOUNT LESS THAN \$900.00 PER RETIRANT. [IF AN INCREASE OF ANY
10 AMOUNT WOULD RESULT IN THE ACTUARIAL VALUE OF THE ASSETS IN TIER 1 BEING
11 LESS THAN 120% OF THE PRESENT VALUE OF EXPECTED FUTURE BENEFIT PAYMENTS,
NO INCREASE WILL BE GIVEN FOR THAT YEAR.]

12 (3) THE PERCENTAGE OF FINAL COMPENSATION LIMITS OF SECTION 503
13 DO NOT APPLY TO THE INCREASE AUTHORIZED BY THIS SECTION.

14 (4) THE RECALCULATED RETIREMENT ALLOWANCE SHALL BE THE BASIS
15 ON WHICH FUTURE ADJUSTMENTS TO THE RETIREMENT ALLOWANCE ARE
16 CALCULATED.

17 (5) THE SUPPLEMENT PROVIDED BY THIS SECTION SHALL BE
18 CALCULATED PURSUANT TO SUBSECTION (2) AND SHALL BE PAID ANNUALLY.
19 FOR A RETIRANT OR BENEFICIARY OF A DECEASED RETIRANT WHO IS
20 ELIGIBLE TO RECEIVE A SUPPLEMENT UNDER THIS SECTION, WHO IS
21 RECEIVING A RETIREMENT ALLOWANCE PURSUANT TO SERVICE CREDITED UNDER
22 THE FORMER JUDGES RETIREMENT SYSTEM, AND WHO IS RECEIVING A
23 RETIREMENT ALLOWANCE PURSUANT TO SERVICE CREDITED UNDER THE FORMER
24 PROBATE JUDGES RETIREMENT SYSTEM. THE RETIREMENT SYSTEM, PURSUANT
25 TO THIS SECTION, SHALL ONLY SUPPLEMENT THE RETIREMENT ALLOWANCE
26 THAT IS THE LARGEST IN AMOUNT. IF A RETIRANT DIES BEFORE JULY 1,
27 [2009] AND NO BENEFITS BECOME PAYABLE UNDER SECTION 506 OR 508, THE

1 RETIRANT'S RETIREMENT ALLOWANCE SHALL NOT BE SUPPLEMENTED UNDER
2 THIS SECTION.