

**CITY LIBRARY EMPLOYEES' RETIREMENT SYSTEM**  
**Act 339 of 1927**

AN ACT to authorize the establishment of a system of retiring allowances for employes of public libraries now existing or which may hereafter be established in incorporated cities of 250,000 population or more.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927.

*The People of the State of Michigan enact:*

**38.701 City library employees' retirement system; establishment.**

Sec. 1. The legislative body of any incorporated city of 250,000 or more (hereinafter referred to for the purposes of this act as the local legislative body), where free public libraries have been or may hereafter be established is hereby authorized, upon the application and recommendation of the local library board or commission or body duly authorized by law to maintain free public libraries in such city (hereinafter referred to for the purposes of this act as the library board), to establish a system of retiring allowances for the employes of such libraries which system shall be based upon the principle that there shall be accumulated, year by year, a reserve fund sufficient to provide the agreed annuity at the time of retirement. Upon the establishment of such system, the local legislative body shall raise by taxation each year a sum which will provide an adequate reserve fund.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927;—CL 1929, 8109;—CL 1948, 38.701.

**38.702 Library board; submission of retirement plan to local legislative body; retirement plan subject to protecting local government retirement and benefits act.**

Sec. 2. (1) A library board described in section 1 that desires to establish a retirement system shall apply to the local legislative body and submit to the local legislative body for its approval and adoption a detailed plan for the retirement system, which must be based on the following provisions and conditions:

(a) It must enumerate the classes of employees to be included in the retirement system.

(b) Subject to subsection (2), it must fix the amount of the annual retirement allowance, the number of years of service necessary to entitle an employee to a retirement allowance, the age at which an employee may be retired, the nature and extent of the physical or mental disability that entitles an employee to retire before reaching the age of retirement, and the conditions on which the age of retirement may be anticipated.

(c) It must provide for a body to be known as the retirement fund trustees, which must consist of 5 members. Two members must be elected by the staff; 2 members must be appointed by the local legislative body; and the terms of office of the members must be 4 years, except that when the retirement system is first put into effect, the terms of office must be fixed so that 1 member's term expires each year. The fifth member must be, *ex-officio*, the presiding officer of the library board. The trustees shall have charge of the retirement allowance fund and shall invest the retirement allowance fund only in securities that are legal for savings banks. The trustees shall adopt any rules and bylaws that may be necessary and not inconsistent with the state constitution of 1963, laws of this state, and this act.

(d) There must be attached to the retirement system as may be recommended, the certificate of a recognized and competent actuary stating that the retirement system is actuarially sound, and the retirement system must provide for annual reports and valuations by the actuary to determine whether the fund is on a sound financial and actuarial basis.

(2) Notwithstanding anything in this act to the contrary, a retirement system established under this act is subject to the protecting local government retirement and benefits act.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927;—CL 1929, 8110;—CL 1948, 38.702;—Am. 2017, Act 212, Imd. Eff. Dec. 20, 2017.

**38.703 Approval of plan by legislative body; commencement.**

Sec. 3. Upon the submission by said library board of a plan for a system of retiring allowances, the local legislative body shall take the same under consideration and shall then, in conference with said library board agree upon the details of said plan and if said plan so agreed upon differs from the one submitted, it shall, before adoption, be submitted to an actuary for report upon its financial and actuarial soundness and, if certified to be sound, may then be adopted. The plan shall then be put into operation at the beginning of the next fiscal year, unless an earlier date is agreed upon.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927;—CL 1929, 8111;—CL 1948, 38.703.

**38.704 Annual assessment for retirement allowance.**

Sec. 4. When a system for retiring allowances has been agreed upon by the local legislative body and the

library board and formally adopted by the former, then it shall be the duty of said local legislative body to raise by taxation each year, the sum found necessary to produce the retiring allowance fund required by the system adopted.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927;—CL 1929, 8112;—CL 1948, 38.704.

**38.705 Reserve fund and annuities; tax exemption; subject to taxation beginning January 1, 2012.**

Sec. 5. (1) Except as otherwise provided in this section, if a system of retiring allowances is adopted under this act, the reserve fund created is exempt from all state, county, township, city, village, and school district taxes and the annuities payable to the members of the staff are exempt from all state, county, township, city, village, and school district taxes.

(2) Beginning January 1, 2012, the annuities payable to the members of the staff are subject to state taxes.

**History:** 1927, Act 339, Imd. Eff. June 1, 1927;—CL 1929, 8113;—CL 1948, 38.705;—Am. 2011, Act 44, Imd. Eff. May 25, 2011.

**38.706 Municipal employees' retirement system; coverage of employees of public libraries.**

Sec. 6. In lieu, however, of formulating any plan under the foregoing sections of this act the library board and the local legislative body may, by concurrent resolution, adopt and put into effect for the employees of the library any plan which may have been, or may hereafter be, adopted for the employees of the city.

**History:** Add. 1935, Act 154, Imd. Eff. June 4, 1935;—CL 1948, 38.706.

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