

**SENATE BILL NO. 267**

February 4, 1999, Introduced by Senators HOFFMAN, GOSCHKA,  
NORTH, YOUNG, BYRUM, V. SMITH and BULLARD and referred to  
the Committee on Appropriations.

A bill to amend 1986 PA 182, entitled  
"State police retirement act of 1986,"  
by amending section 3 (MCL 38.1603), as amended by 1995 PA 192,  
and by adding section 40b.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

- 1       Sec. 3. (1) "Credited service" means the sum of the prior  
2 service and membership service credited to a member's account.
- 3       (2) "Deferred member" means a member who separates from  
4 service with entitlement to a deferred retirement allowance as  
5 provided in section 30, but who is not a retirant.
- 6       (3) "Department" means the department of management and  
7 budget.
- 8       (4) "Direct rollover" means a payment by the retirement  
9 system to the eligible retirement plan specified by the  
10 distributee.

1           (5) "Distributee" includes a member or deferred member.  
2 Distributee also includes the member's or deferred member's sur-  
3 viving spouse or the member's or deferred member's spouse or  
4 former spouse under an eligible domestic relations order, with  
5 regard to the interest of the spouse or former spouse.

6           (6) Except as otherwise provided in this subsection,  
7 "eligible retirement plan" means an individual retirement account  
8 described in section 408(a) of the internal revenue code, an  
9 individual retirement annuity described in section 408(b) of the  
10 internal revenue code, an annuity plan described in section  
11 403(a) of the internal revenue code, or a qualified trust  
12 described in section 401(a) of the internal revenue code, that  
13 accepts the distributee's eligible rollover distribution.  
14 However, in the case of an eligible rollover distribution to a  
15 surviving spouse, an eligible retirement plan means an individual  
16 retirement account or an individual retirement annuity described  
17 above.

18           (7) "Eligible rollover distribution" means a distribution of  
19 all or any portion of the balance to the credit of the  
20 distributee. Eligible rollover distribution does not include any  
21 of the following:

22           (a) A distribution made for the life or life expectancy of  
23 the distributee or the joint lives or joint life expectancies of  
24 the distributee and the distributee's designated beneficiary.

25           (b) A distribution for a specified period of 10 years or  
26 more.

1 (c) A distribution to the extent that the distribution is  
2 required under section 401(a)(9) of the internal revenue code.

3 (d) The portion of any distribution that is not includable  
4 in federal gross income, determined without regard to the exclu-  
5 sion for net unrealized appreciation with respect to employer  
6 securities.

7 (8) "Final average compensation" means the average OF THOSE  
8 YEARS OF HIGHEST annual salary ~~for the last~~ PAID TO A MEMBER  
9 DURING A PERIOD OF 2 CONSECUTIVE years of service with the  
10 department of state police. ~~for which the member was~~  
11 ~~compensated.~~ In the case of a nonclassified member of the  
12 department holding the rank of colonel, final average compensa-  
13 tion means the same average annual salary as that computed for  
14 the highest salaried classified member of the department, or at  
15 the average OF THOSE YEARS OF HIGHEST annual salary ~~for the~~  
16 ~~last~~ PAID TO A MEMBER DURING A PERIOD OF 2 CONSECUTIVE years of  
17 service with the department of state police, ~~for which the~~  
18 ~~member was compensated,~~ whichever is greater. Average annual  
19 salary includes only the following compensation items:

20 (a) Regular salary paid for SERVICE DURING the ~~last 2 years~~  
21 ~~of service~~ APPLICABLE 2-YEAR PERIOD, including, but not limited  
22 to, that salary that is deferred pursuant to a state deferred  
23 compensation program.

24 (b) Overtime, shift differential, and shift differential  
25 overtime paid for SERVICE DURING the ~~last 2 years of service~~  
26 APPLICABLE 2-YEAR PERIOD.

1 (c) Gross pay adjustments paid affecting the ~~last 2 years~~  
2 ~~of service~~ APPLICABLE 2-YEAR PERIOD, including compensatory time  
3 and emergency response compensation.

4 (d) Up to a maximum of 240 hours of accumulated annual  
5 leave, paid at the time of retirement separation.

6 (e) Deferred hours under Plan B of the fiscal years ending  
7 September 30, 1981, and September 30, 1982, that are paid at the  
8 time of retirement separation.

9 (f) Longevity pay equal to 2 full years.

10 (g) Bomb squad pay paid for SERVICE DURING the ~~last 2 years~~  
11 ~~of service~~ APPLICABLE 2-YEAR PERIOD.

12 (h) Post 29 freeway premium paid for SERVICE DURING the  
13 ~~last 2 years of service~~ APPLICABLE 2-YEAR PERIOD.

14 (i) On-call pay paid for SERVICE DURING the ~~last 2 years of~~  
15 ~~service~~ APPLICABLE 2-YEAR PERIOD.

16 (9) "Internal revenue code" means the United States internal  
17 revenue code of 1986.

18 SEC. 40B. UPON REQUEST OF A RETIRANT OR BENEFICIARY OF A  
19 DECEASED RETIRANT ON OR BEFORE DECEMBER 29, 1999, THE RETIREMENT  
20 SYSTEM SHALL RECALCULATE THE RETIRANT'S OR BENEFICIARY'S RETIRE-  
21 MENT ALLOWANCE BASED UPON THE DEFINITION OF FINAL AVERAGE COMPEN-  
22 SATION AS AMENDED BY THE AMENDATORY ACT THAT ADDED THIS SECTION.  
23 IF THE RECALCULATION RESULTS IN AN INCREASED RETIREMENT ALLOW-  
24 ANCE, THE RETIRANT OR BENEFICIARY IS ELIGIBLE TO RECEIVE THE  
25 RECALCULATED RETIREMENT ALLOWANCE BEGINNING THE FIRST DAY OF THE  
26 MONTH FOLLOWING THE MONTH IN WHICH THE REQUEST IS MADE.