

# HOUSE BILL No. 5241

August 19, 2009, Introduced by Rep. LeBlanc and referred to the Committee on Labor.

A bill to amend 1986 PA 182, entitled  
"State police retirement act of 1986,"  
by amending section 3 (MCL 38.1603), as amended by 2008 PA 366.

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

1           Sec. 3. (1) "Banked leave time program" means the part B  
2 annual leave hours within the state's annual and sick leave program  
3 approved by a ruling of the internal revenue service on September  
4 5, 2003, in which a pay reduction or other concessions are applied  
5 to a member in exchange for additional part B annual leave hours.

6           (2) "Credited service" means the sum of the prior service and  
7 membership service credited to a member's account.

8           (3) "Deferred member" means a member who separates from  
9 service with entitlement to a deferred retirement allowance as  
10 provided in section 30, but who is not a retirant.

1 (4) "Department" means the department of management and  
2 budget.

3 (5) "Direct rollover" means a payment by the retirement system  
4 to the eligible retirement plan specified by the distributee.

5 (6) "Distributee" includes a member or deferred member.  
6 Distributee also includes the member's or deferred member's  
7 surviving spouse or the member's or deferred member's spouse or  
8 former spouse under an eligible domestic relations order, with  
9 regard to the interest of the spouse or former spouse.

10 (7) "DROP participant" means an officer who participates in  
11 the deferred retirement option plan established in section 24a.

12 (8) Beginning January 1, 2002, except as otherwise provided in  
13 this subsection, "eligible retirement plan" means 1 or more of the  
14 following:

15 (a) An individual retirement account described in section  
16 408(a) of the internal revenue code, 26 USC 408.

17 (b) An individual retirement annuity described in section  
18 408(b) of the internal revenue code, 26 USC 408.

19 (c) An annuity plan described in section 403(a) of the  
20 internal revenue code, 26 USC 403.

21 (d) A qualified trust described in section 401(a) of the  
22 internal revenue code, 26 USC 401.

23 (e) An annuity contract described in section 403(b) of the  
24 internal revenue code, 26 USC 403.

25 (f) An eligible plan under section 457(b) of the internal  
26 revenue code, 26 USC 457, which is maintained by a state, political  
27 subdivision of a state, or an agency or instrumentality of a state

1 or political subdivision of a state and which agrees to separately  
2 account for amounts transferred into the eligible plan under  
3 section 457(b) of the internal revenue code, 26 USC 457, from this  
4 retirement system, that accepts the distributee's eligible rollover  
5 distribution.

6 (g) Beginning January 1, 2008, a Roth individual retirement  
7 account as described in section 408A of the internal revenue code,  
8 26 USC 408A, subject to the rules that apply to rollovers from a  
9 traditional individual retirement account to a Roth individual  
10 retirement account.

11 (9) Beginning January 1, 2007, "eligible rollover  
12 distribution" means a distribution of all or any portion of the  
13 balance to the credit of the distributee. Eligible rollover  
14 distribution does not include any of the following:

15 (a) A distribution made for the life or life expectancy of the  
16 distributee or the joint lives or joint life expectancies of the  
17 distributee and the distributee's designated beneficiary.

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

19 (c) A distribution to the extent that the distribution is  
20 required under section 401(a)(9) of the internal revenue code, 26  
21 USC 401.

22 (d) The portion of any distribution that is not includable in  
23 federal gross income, except to the extent such portion of the  
24 distribution is paid to either of the following:

25 (i) An individual retirement account or annuity described in  
26 section 408(a) or 408(b) of the internal revenue code, 26 USC 408.

27 (ii) A qualified plan described in section 401(a) of the

1 internal revenue code, 26 USC 401, or an annuity contract described  
2 in section 403(b) of the internal revenue code, 26 USC 403, and the  
3 plan providers agree to separately account for the amounts paid,  
4 including any portion of the distribution that is includable in  
5 federal gross income, and the portion of the distribution which is  
6 not so includable.

7 (10) "Final average compensation" means the average annual  
8 salary for the last 2 years of service with the department of state  
9 police for which the member was compensated as defined in  
10 subsection (13). In the case of a nonclassified member of the  
11 department holding the rank of colonel, final average compensation  
12 means the same average annual salary as that computed for the  
13 highest salaried classified member of the department, or at the  
14 average annual salary for the last 2 years of service with the  
15 department of state police for which the member was compensated,  
16 whichever is greater. Average annual salary includes only the  
17 following compensation items:

18 (a) Regular salary paid for the last 2 years of service,  
19 including, but not limited to, that salary that is deferred  
20 pursuant to a state deferred compensation program.

21 (b) Overtime, shift differential, and shift differential  
22 overtime paid for the last 2 years of service.

23 (c) Gross pay adjustments paid affecting the last 2 years of  
24 service, including compensatory time and emergency response  
25 compensation.

26 (d) Up to a maximum of 240 hours of accumulated annual leave,  
27 paid at the time of retirement separation excluding part B annual

1 leave hours paid at the time of retirement separation.

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

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

6 (g) Bomb squad pay paid for the last 2 years of service.

7 (h) Post 29 freeway premium paid for the last 2 years of  
8 service.

9 (i) On-call pay paid for the last 2 years of service.

10 (j) Beginning October 1, 2003, the value of any unpaid  
11 furlough hours or the value of any unpaid hours exchanged for part  
12 B annual leave hours, calculated at the member's then-current  
13 hourly rate or rates of pay, for a period during which a member is  
14 participating in the banked leave time program.

15 **(K) BEGINNING MAY 1, 2009, THE VALUE OF ANY UNPAID FURLOUGH**  
16 **DAYS APPLIED TO COMMAND OFFICERS, IF ANY, THE VALUE OF UNPAID**  
17 **REDUCTION IN FORCE HOURS, OR THE VALUE OF ANY TEMPORARY LAYOFF**  
18 **HOURS. AS USED IN THIS SUBDIVISION, "TEMPORARY LAYOFF HOURS" MEANS**  
19 **HOURS ATTRIBUTABLE TO THE LAYOFF OF A MEMBER IF THE LAYOFF DOES NOT**  
20 **EXCEED 1 MONTH AND HAS A FIXED, PREDETERMINED, AND ANNOUNCED RECALL**  
21 **DATE.**

22 (11) "Furlough hours" means unworked hours incurred in  
23 conjunction with the banked leave time program.

24 (12) "Internal revenue code" means the United States internal  
25 revenue code of 1986.

26 (13) "Last 2 years of service" means the 2-year period  
27 immediately preceding the member's last day of service or that

1 period of 2 consecutive years of service with the department of  
2 state police immediately preceding the date the duty disability  
3 occurred according to the medical examinations conducted pursuant  
4 to section 29 or, if the officer participated in the deferred  
5 retirement option plan, the 2-year period immediately preceding  
6 participation in the deferred retirement option plan.