

SENATE BILL No. 695

November 30, 2017, Introduced by Senators SHIRKEY, STAMAS and MARLEAU and referred to the Committee on Michigan Competitiveness.

A bill to amend 1937 PA 345, entitled "Fire fighters and police officers retirement act," by amending section 9 (MCL 38.559), as amended by 2002 PA 98, and by adding section 2a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **SEC. 2A. A RETIREMENT BOARD UNDER THIS ACT, A RETIREMENT**
2 **SYSTEM UNDER THIS ACT, AND A CITY, VILLAGE, OR MUNICIPALITY THAT IS**
3 **THE CUSTODIAN OF FUNDS OF A RETIREMENT SYSTEM UNDER THIS ACT SHALL**
4 **COMPLY WITH ANY APPLICABLE REQUIREMENTS UNDER THE PROTECTING LOCAL**
5 **GOVERNMENT RETIREMENT AND BENEFITS ACT.**

6 Sec. 9. (1) The contributions of a member to the retirement
7 system ~~shall~~**MUST** be 5% of the salary paid to the member by the
8 municipality. The officer responsible for making up the payroll
9 shall cause the contributions provided for in this subsection to be

1 deducted from the salary of each member on each payroll for each
2 payroll period ~~so long as~~ **WHILE** he or she remains an active member
3 ~~in the employ of~~ **EMPLOYED BY** the municipality. The amounts deducted
4 ~~shall~~ **MUST** be paid into the funds of the retirement system. The
5 members' contributions provided for in this act ~~shall~~ **MUST** be made
6 notwithstanding that the minimum salary provided for by law is
7 changed by the members' contributions. ~~Every~~ **A** member ~~shall be~~ **IS**
8 considered to consent and to agree to the deductions made and
9 provided for in this act and shall receipt for his or her full
10 salary and payment of his or her salary less the deduction, which
11 is a full and complete discharge and acquittance of all claims and
12 demands for the services rendered by the member during the period
13 covered by the payment, except as to benefits provided by this
14 retirement system.

15 (2) For the purpose of creating and maintaining a fund for the
16 payment of the pensions and other benefits payable as provided in
17 this act, the municipality, subject to ~~the provisions of~~ this act,
18 shall appropriate, at the end of such regular intervals as may be
19 adopted, quarterly, semiannually, or annually, an amount sufficient
20 to maintain actuarially determined reserves covering pensions
21 payable or that might be payable ~~on account~~ **BECAUSE** of service
22 performed and to be performed by active members, and pensions being
23 paid to retired members and beneficiaries. The appropriations to be
24 made by the municipality in any fiscal year ~~shall~~ **MUST** be
25 sufficient to pay all pensions due and payable in that fiscal year
26 to all retired members and beneficiaries **AND SUFFICIENT TO PAY THE**
27 **NORMAL COSTS OF ANY RETIREMENT HEALTH BENEFITS PROVIDED BY THE**

1 RETIREMENT SYSTEM TO ITS MEMBERS, RETIRED MEMBERS, AND
2 BENEFICIARIES IN THE AMOUNT REQUIRED UNDER SECTION 4(1)(E) OF THE
3 PROTECTING LOCAL GOVERNMENT RETIREMENT AND BENEFITS ACT OR TO MAKE
4 OTHER PAYMENTS REQUIRED FOR THE RETIREMENT SYSTEM IN A CORRECTIVE
5 ACTION PLAN UNDER THE PROTECTING LOCAL GOVERNMENT AND RETIREMENT
6 BENEFITS ACT. The amount of the appropriation in a fiscal year
7 ~~shall~~**MUST** not be less than 10% of the aggregate pay received
8 during that fiscal year by members of the retirement system unless,
9 by actuarial determination, it is satisfactorily established that a
10 lesser percentage is needed. All deductions and appropriations
11 ~~shall~~**MUST** be payable to the treasurer of the municipality and he
12 or she shall pay the deductions and appropriations into the
13 retirement system. Except in municipalities that are subject to the
14 15 mill tax limitation as provided by section 6 of article IX of
15 the state constitution of 1963, the amount required by taxation to
16 meet the appropriations to be made by municipalities under this act
17 ~~shall~~**MUST** be in addition to any tax limitation imposed ~~upon~~**ON** tax
18 rates in those municipalities by charter provisions or by state law
19 subject to section 25 of article IX of the state constitution of
20 1963. **A TAX LEVIED UNDER THIS SUBSECTION MUST BE USED ONLY BY THE**
21 **MUNICIPALITY LEVYING THE TAX FOR PURPOSES AUTHORIZED UNDER THIS**
22 **SUBSECTION AND MUST NOT BE ATTRIBUTED OR TRANSMITTED TO OR RETAINED**
23 **OR CAPTURED BY ANY OTHER GOVERNMENTAL ENTITY FOR ANY OTHER PURPOSE.**

24 (3) If, at the beginning or during any fiscal year, ~~it has~~
25 ~~been satisfactorily determined by the~~ retirement board **DETERMINES**
26 that the accumulated funds of the retirement system plus the
27 municipality's contribution of 10% of the aggregate pay received

1 during that fiscal year by members of the retirement system plus
2 members' contributions of 5% of payroll, are insufficient to pay
3 all pensions and other benefits due and payable in that year out of
4 funds of the retirement system, ~~then~~ all pensions and other
5 benefits payable ~~shall~~ **MUST** be prorated for the remainder of the
6 fiscal year by the retirement board.

7 (4) Any clerical, legal, actuarial, or medical expenses
8 required by the retirement board, or any other necessary expense
9 for the operation of the retirement system, shall be provided for
10 by the municipality or shall be paid from the investment income of
11 the retirement system, as determined by the governing body of the
12 municipality. The retirement board shall submit expenses
13 periodically to the governing body of the municipality. If use of
14 investment income to pay these expenses causes an actuarial
15 insufficiency in the assets of the retirement system used to pay
16 pensions, **THE MUNICIPALITY SHALL MAKE UP** the insufficiency. ~~shall~~
17 ~~be made up by the municipality.~~

18 (5) All pensions allowed and payable to retired members and
19 beneficiaries under this act ~~shall become~~ **ARE** obligations of and
20 **MUST** be payable from the funds of the retirement system.

21 (6) The right of ~~a person~~ **AN INDIVIDUAL** to a pension, to the
22 return of member contributions, **TO RETIREMENT HEALTH BENEFITS**, to
23 any **OTHER** optional benefits, or any other right accrued or accruing
24 to a member or beneficiary under this act, and the money belonging
25 to the retirement system is subject to the public employee
26 retirement benefit protection act, **2002 PA 100, MCL 38.1681 TO**
27 **38.1689.**

1 (7) AS USED IN THIS SECTION:

2 (A) "NORMAL COST" MEANS THAT TERM AS DEFINED IN SECTION 3 OF
3 THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND BENEFITS ACT.

4 (B) "RETIREMENT HEALTH BENEFIT" MEANS THAT TERM AS DEFINED IN
5 SECTION 3 OF THE PROTECTING LOCAL GOVERNMENT RETIREMENT AND
6 BENEFITS ACT.

7 Enacting section 1. This amendatory act does not take effect
8 unless Senate Bill No. 686

9 of the 99th Legislature is enacted into law.