

MACOMB COUNTY EMPLOYEES' RETIREMENT SYSTEM

RECIPROCAL RETIREMENT ACT

Public Act 88 of 1961, as amended (MCL 38.1101 et seq.)

PURPOSE

On December 9, 1964, Macomb County adopted the Reciprocal Retirement Act, Public Act 88 of 1961, as amended. The Reciprocal Retirement Act was enacted to provide for the preservation and continuity of retirement system service credit for public employees who transfer their employment between units of government. An eligible person may combine credited service with a preceding reciprocal retirement system with credited service acquired with a succeeding governmental unit for purposes of qualifying for an age and service retirement from either retirement system, provided the conditions of the Act are observed.

DEFINITIONS

“State Unit” means: State Employees’ Retirement System; Public School Employees’ Retirement System; Judges’ Retirement System; Probate Judges’ Retirement System; State Police Retirement System; and Legislative Retirement System.

“Municipal Unit” means: a county, city, village, township or school district of the first class; any separate corporation or instrumentality established by 1 or more counties, cities, villages, as permitted by law; any corporation or instrumentality supported in most part by counties, cities and villages, or any of them; any public corporation charged by law with the performance of a governmental function and whose jurisdiction is coextensive with 1 or more counties, cities, and villages.

“Governmental Unit” means: the state to the extent the employees of the state are covered under an applicable state unit; and any municipal unit.

“Reciprocal Unit” means: any state unit or municipal unit which elects to come under the provisions of this act.

“Retirement System” means: the retirement, pension or annuity system, plan or fund under which a governmental unit covers its employees. The term “retirement system” does not include the federal social security old-age survivors’ and disability insurance program.

“Reciprocal Retirement System” means, in the case of a municipal unit electing to become a reciprocal unit, the retirement system under which the municipal unit covers its employee. In the case of a state unit, reciprocal retirement system means a state unit which elects to become a reciprocal unit.

RECIPROCITY

I. SECTION 4 - SERVICE CREDIT

Section 4 of the Reciprocal Retirement Act provides that if a member leaves the employ of Macomb County and enters the employ of another governmental unit(s), he/she may receive a retirement allowance payable by the Macomb County Employees' Retirement System subject to meeting the following conditions:

- (1) The former member must have had at least thirty (30) months of service credit in the Macomb County Employees' Retirement System;
- (2) The former member has not withdrawn his/her employee contributions from the Macomb County Employees' Retirement System or has re-deposited any withdrawn amounts with interest within twenty (20) years after employment with the succeeding governmental unit;
- (3) The former member of the Macomb County Employees' Retirement System must have been employed by a succeeding unit within twenty (20) years after leaving the employment of Macomb County;
- (4) The former member's credited service in force with Macomb County plus the member's credited service acquired in the employ of the succeeding governmental units equals or exceeds the minimum credited service required for age and service retirement in the Macomb County Employees' Retirement System;
- (5) The former member has attained age 60 years;
- (6) The member submits written documentation to the Retirement Board reflecting:
 - (a) The name of the succeeding governmental unit;
 - (b) The period of time employed by the governmental unit;
 - (c) The service credit acquired with the retirement system of the governmental unit.
- (7) The member submits a Release authorizing the Retirement Board or its representative to request and receive appropriate documentation to verify information.

An individual who satisfies the above requirements shall be eligible to receive a retirement allowance from the Macomb County Employees' Retirement System based upon the formula, final average compensation and service credit in force with the Macomb County Employees' Retirement System at the time of separation from service and shall be payable on the first day of the second calendar month immediately following the month in which proper written application is filed with the Retirement Board on or after the attainment of 60 years of age.

EXAMPLE I: Bob was employed by Macomb County from January 1, 1999 to March 1, 2006. He terminated service to work in the private sector and withdrew his accumulated contributions. At the time he terminated service he was not vested in the Retirement System. In July of 2014, Bob became employed by the City of Ann Arbor. In 2015, Bob re-deposited his accumulated contributions plus interest in the Macomb County Employees' Retirement System. Bob is now 59 years old and requests a retirement benefit from the Macomb County Employees' Retirement System pursuant to the Reciprocal Retirement Act.

COMMENT: Bob will be eligible to receive retirement benefits from the Macomb County Employees' Retirement System upon attainment of age 60 based upon the following reasons:

- (1) Bob was employed by Macomb County for at least 30 months;
- (2) Although he withdrew his contributions from Macomb County, he returned them within 20 years after becoming employed with Ann Arbor;
- (3) His break in public service was less than 20 years;
- (4) Bob's retirement benefit will commence on the first day of the second calendar month following his 60th birthday and will be based upon his actual years of service in Macomb County and his average final compensation and pension benefit formula of Macomb County employment and the time of his termination (March 2006).

EXAMPLE II: Bob was employed by the Macomb County from January 1, 1989 to March 1, 1991. He terminated service to work in the private sector and withdrew his accumulated contributions. In July of 2014, Bob became employed by the City of Ann Arbor. Bob is now 59 years old and requests a retirement benefit from the Macomb County Employees' Retirement System pursuant to the Reciprocal Retirement Act.

COMMENT: Bob would not be eligible to receive retirement benefits from the Macomb County Employees' Retirement System based upon any one of the following reasons:

- (1) Bob was not employed by Macomb County for at least 30 months;
- (2) He withdrew his contributions from Macomb County and had not returned them within 20 years after becoming employed with Ann Arbor;
- (3) His break in public service was greater than 20 years;
- (4) He is not 60 years old.

II. SECTION 5 - SERVICE CREDIT

Section 5 of the Reciprocal Retirement Act provides that if a member of the Macomb County Employees' Retirement System previously acquired credited service as a member of another governmental retirement system, he/she may be entitled to a retirement allowance payable by the Macomb County Employees' Retirement System subject to meeting the following conditions:

- (1) The member has 30 months or more of credited service acquired as a member of the Macomb County Employees' Retirement System;
- (2) The member has attained the age but not the service requirement for age and service retirement;

- (3) The member became a member of the Macomb County Employees' Retirement System within 20 years of leaving the prior governmental unit. The prior governmental unit is not required to be a reciprocal retirement system. The member is not required to draw a retirement benefit or have contributions on deposit with the prior governmental unit;
- (4) The member submits written documentation to the Retirement Board reflecting:
 - (a) The name of the prior governmental unit;
 - (b) The period of time employed by the prior governmental unit;
 - (c) The service credit acquired with the retirement system of the prior governmental unit.
- (5) The member submits a Release authorizing the Retirement Board or its representative to request and receive appropriate documentation to verify information.

A member's retirement benefit shall be based upon the service credit rendered to Macomb County.

EXAMPLE: Mary, age 60, has been employed by Macomb County since January 1, 2015. She previously worked for the City of Ann Arbor from January 1, 1989 to December 31, 2009. On July 1, 2017, Mary requests a retirement benefit from Macomb County pursuant to the Reciprocal Retirement Act.

COMMENT: As Mary has acquired over 30 months of service credit with Macomb County and has met the age requirement for retirement (age 60), she may use her 20 years of service acquired with the City of Ann Arbor to meet service requirement for retirement from Macomb County Employees' Retirement System. Mary's retirement benefit will be based upon her 2.5 years of service credit with Macomb County.

III. SECTION 6 – TRANSFER OF CREDITED SERVICE

Currently, Macomb County Employees Retirement System (MCERS) has not adopted Section 6.

IV. GENERAL CONDITIONS

The recognition of service time should be approved by the Retirement Board and should be contingent upon the Retirement System's receipt of all appropriate documentation.

It is the individual's responsibility to contact the other governmental units to obtain appropriate documentation in support of requests for service credit and which specifically identifies the applicable retirement system and pertinent service credit. Failure of the individual

to provide documentation which verifies that the service constitutes service to a State or Municipal Unit may constitute a rescission of the request and may render the member's request null and void.

The Retirement Board has the authority to verify the amount and nature of service reflected in the application and supporting documentation. Only service to a State Unit or a Municipal Unit in the State of Michigan, as specifically provided for in the Reciprocal Retirement Act, should be recognized by the Retirement Board as service to a Governmental Unit under the provisions of the Act. **Note:** It is not required that a Governmental Unit be a Reciprocal Retirement System.

Eligible individuals would have service credit recognized at the time of their retirement from the Macomb County Employees' Retirement System. The recognition of such service credit shall be made consistent with Public Act 156 of 1851, as amended (MCL 46.12a), the Retirement Ordinance, applicable collective bargaining agreements, Retirement Board policies/procedures, and applicable laws (specifically, the Reciprocal Retirement Act, Public Act 88 of 1961, as amended (MCL 38.1101 et. seq)).

V. HEALTH, WELFARE AND OTHER BENEFITS

The intent of the Reciprocal Retirement Act was to allow an eligible person to combine governmental service credit for purposes of qualifying for a retirement allowance from either retirement system, provided the requirements of the Act are satisfied. "Retirement allowance" as defined in the Act, "means the annuity, pension or retirement allowance payable to a member..." The Reciprocal Retirement Act is specifically limited to payment of a "retirement allowance" from a retirement system. Life insurance, health insurance and other similar fringe benefits are not a "retirement allowance" and therefore would not be covered under the Act. Similarly, the Reciprocal Retirement Act does not provide that an individual may use prior governmental service to meet the eligibility requirements for other benefits (e.g., purchase of prior military service credit or other service credit, disability retirement, seniority, DROP participation eligibility, etc.). Accordingly, individuals who retire pursuant to said Act, prior to satisfaction of the age and service requirements of the Retirement System, are not eligible for said benefits.