

CITY OF MARQUETTE FIRE AND POLICE RETIREMENT SYSTEM

RECIPROCAL RETIREMENT POLICY

I. GENERAL

A. Purpose

- (1) The Reciprocal Retirement Act was enacted to provide for the preservation and continuity of retirement system service credit for public employees who transfer employment between units of government in the State of Michigan. Section 294.01 of the Retirement Ordinance acknowledges the City's adoption of the Reciprocal Retirement Act, Act 88 of 1961, as amended (MCL 38.1101 *et seq.*) (the "Reciprocal Retirement Act") and recognizes its application to the Fire and Police Retirement System and its Membership.

B. Definitions

- (1) "**Board**" means the Board of Trustees of the City of Marquette Fire and Police Retirement System.
- (2) "**City**" means the City of Marquette, Michigan.
- (3) "**Governmental Unit**" means the State of Michigan to the extent that employees of the state are covered under a Reciprocal Unit; and any Municipal Unit.
- (4) "**Member**" means any person who is included in the Membership of the Fire and Police Retirement System.
- (5) "**Municipal Unit**" means a county, city, village, township, or school district of the first class; and separate corporation or instrumentality established by one or more counties, cities, or 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 one or more counties, cities, and villages.
- (6) "**Fire and Police Retirement System**" means the City of Marquette Fire and Police Retirement System.
- (7) "**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 employees. In the case of a State Unit, Reciprocal Retirement System means a State Unit which elects to become a Reciprocal Unit.
- (8) "**Reciprocal Unit**" means any State Unit or Municipal Unit which elects to come under the provisions of the Reciprocal Retirement Act.

- (9) **“Retirement System”** means a 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.
- (10) **“State Unit”** means the State Employees’ Retirement System; Public School Fire and Police Retirement System; Judges’ Retirement System; Probate Judges’ Retirement System; State Police Retirement System; and Legislative Retirement System.

II. RECIPROCITY

A. Section 4 – Succeeding Service Credit

- (1) Section 4 of the Reciprocal Retirement Act (MCL 38.1104) provides that if a Member of the Fire and Police Retirement System leaves the employ of the City and enters the employ of another Governmental Unit(s), they may be eligible to receive a retirement allowance from the Fire and Police Retirement System subject to the following conditions:
 - (a) The former Member must have had at least thirty (30) months of service credit in the Fire and Police Retirement System;
 - (b) The former Member must not have withdrawn their employee contributions from the Fire and Police Retirement System or has re-deposited any withdrawn amounts, with interest, within twenty (20) years of becoming employed with a succeeding Governmental Unit;
 - (c) The former Member must have been employed by a succeeding Governmental Unit within twenty (20) years after leaving the employ of the City;
 - (d) The former Member’s credited service with the Fire and Police Retirement System, when combined with the credited service acquired in the employ of a succeeding Governmental Unit(s), equals to or exceeds the minimum credited service required for age and service retirement from the Fire and Police Retirement System at the time of their separation from service with the City;
 - (e) The former Member has attained at least sixty (60) years of age; and
 - (f) The former Member submits written documentation to the Board verifying:
 - (i) the name of the succeeding Governmental Unit;
 - (ii) the dates/period of time employed by the succeeding Governmental Unit; and
 - (iii) The service credit acquired with the Retirement System of the succeeding Governmental Unit.
- (2) A former Member who satisfies the foregoing requirements shall be eligible to receive a retirement allowance from the Fire and Police Retirement System based upon the formula, final average compensation, and service credit in force with the Fire and Police Retirement System at the time of their separation from service with the City’s Act 345 Pension system. Per Act 345 the vesting requirements are 10 years. The retirement allowance shall be payable as of the first day of the second calendar month immediately following the month

in which proper written application is filed with the Board, on or after the former member's attainment of sixty (60) years of age.

B. Section 5 – Prior Service Credit

- (1) Section 5 of the Reciprocal Retirement Act (MCL 38.1105) provides that if a Member of the Fire and Police Retirement System previously acquired credited service as a member of another Governmental Unit Retirement System(s), they may be eligible to retire and receive a retirement allowance from the Fire and Police Retirement System if all of the following conditions are met:
 - (a) The Member has thirty (30) months or more of credited service standing to their credit as a Member of the Fire and Police Retirement System;
 - (b) The Member has attained the age but not the service requirement for age and service retirement under the Fire and Police Retirement System;
 - (c) The Member became a Member of the Fire and Police Retirement System within twenty (20) years of leaving employment with the prior Governmental Unit (the prior Governmental Unit is not required to be a Reciprocal Unit and the Member is not required to draw a retirement benefit or have employee contributions on deposit with the prior Governmental Unit); and
 - (d) The Member submits written documentation to the Board verifying:
 - (i) The name of the prior Governmental Unit(s);
 - (ii) The dates/period of time employed by the prior Governmental Unit(s); and
 - (iii) The service credit acquired as a member of the prior Governmental Unit(s) Retirement System.
- (2) A Member who satisfies the foregoing requirements shall be entitled to a retirement allowance from the Fire and Police Retirement System that is calculated using only the service credit earned as a Member of the Fire and Police Retirement System.

III. POLICY

A. Recognition of Service Credit

- (1) The recognition of service credit under the Reciprocal Retirement Act shall be approved by the Board and contingent upon the receipt of all required information and documentation.
- (2) Only service to a State Unit or a Municipal Unit in the State of Michigan, as specifically provided for in the Reciprocal Retirement Act, will be recognized by the Board as service to a Governmental Unit under the provisions of the Reciprocal Retirement Act.

- (3) It is the Member's/former Member's responsibility to contact the other Governmental Unit(s) to obtain the necessary documentation verifying their dates of service and participation in the other Governmental Unit(s) Retirement System(s).
 - (a) The Member's/former Member's failure to provide documentation substantiating their service with another Governmental Unit(s) may render the request for recognition of that service under the Reciprocal Retirement Act null and void. The Member/Former Member will be notified of this obligation, in writing, via a letter from the Board.
- (5) Service credit under the Reciprocal Retirement Act will be recognized on a consecutive basis only (i.e., concurrent service to multiple Governmental Units will not be counted twice).

B. Retiree Health Care and Other Benefits

- (1) The application of the Reciprocal Retirement Act is specifically limited to payment of a "retirement allowance" from a Retirement System. The Reciprocal Retirement Act does not provide an individual the ability to utilize other governmental service to meet the eligibility requirements for other benefits.
- (2) Life insurance, health care benefits, and other similar fringe benefits are not a "retirement allowance" covered by the Reciprocal Retirement Act. Therefore, Members utilizing the provisions of the Reciprocal Retirement Act to retire from City employment prior to satisfying the City's eligibility requirements for such benefits, will not be eligible to receive said benefits upon retirement.

IV. REVIEW AND AMENDMENT

- (1) This Reciprocal Retirement Policy shall be periodically reviewed as deemed necessary in the Board's sole discretion.
- (2) The Board, in consultation with its legal counsel, may amend this Reciprocal Retirement Policy at any time as deemed necessary to address changes to the Reciprocal Retirement Act or the Fire and Police Retirement System provisions.

V. HISTORY

- (1) This Policy was adopted by the Board on September 27, 2022. Upon its adoption, a copy of this Policy shall be forwarded to the appropriate representatives of the City including, without limitation, the Human Resources Director and Finance Director.