

STATE OF MICHIGAN
JUDGES RETIREMENT SYSTEM
PLAN SUMMARY
JULY 2014



Published by
State of Michigan
Department of Technology, Management and Budget
Office of Retirement Services

About This Publication

The intent of this publication is to summarize basic plan provisions under Michigan's Public Act 234 of 1992, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern.

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GENERAL INFORMATION

The Judges Retirement System is a retirement plan for Michigan judges as well as the Governor, Lieutenant Governor, Secretary of State, Attorney General, Legislative Auditor General and State Court Administrator. The System is financed by contributions from members, filing fees from the circuit, district and probate courts, and an annual legislative appropriation. The State Treasurer has the authority to invest the funds of the retirement system.

Act 234 of the Public Acts of 1992 consolidated the former Judges (JRS) and Probate Judges Retirement Systems (PJRS) into one retirement system. The former systems were established in 1951 and 1954, respectively. All rights and liabilities under the former JRS and PJRS statutes are preserved for members and retirement allowance recipients under the new act.

Act 234 of 1992, as amended, established eligibility and benefit provisions for the defined benefit pension plan. Public Act 523 of 1996, which was effective March 31, 1997, closed this plan to new entrants. Judges or State officials newly appointed or elected on or after March 31, 1997, become members of the defined contribution plan.

The information in this book applies only to members of the Judges Retirement System Defined Benefit retirement plan. This book is a summary of the main features of the plan and not a complete description. The operation of the Defined Benefit plan is controlled by Public Act 234 of 1992, as amended. If the provisions of the Act conflict with this document, the Act controls.

ADMINISTRATION

The Judges Retirement System is administered by a Retirement Board and the State Department of Technology, Management and Budget's Office of Retirement Services (ORS). The System's Board consists of five members: the Attorney General, the State Treasurer, and three members appointed by the Governor, including one who as a judge participates in the retirement system. The term of office for all members is four years.

Administration of the System is under the direction of the Director of the Office of Retirement Systems, who serves as the Executive Secretary of the System. The State Treasurer is treasurer of the System and the custodian of the funds. The Attorney General is the System's legal adviser. The Board contracts its actuarial and medical services.

MEMBERSHIP

All duly elected or appointed justices of the Supreme Court, judges of the Court of Appeals, Circuit Courts, District Courts, Probate Courts, Recorder's Court of the City of Detroit, and the Governor, Lieutenant Governor, Secretary of State, Attorney General, Legislative Auditor General and Constitutional Court Administrator are members, except a judge or state official who within 30 days from taking office files written notice with the retirement system electing not to be a member.

Judges and state officials who were members of the former Judges and Probate Judges Retirement Systems and certain persons, other than a retirant, who are authorized by the Supreme Court to perform judicial duties for a limited period are also members of the Judges Retirement System.

Upon taking office you file a member information form that provides the Judges Retirement System with data for determination of funding requirements. The form also allows you to name a refund beneficiary. Your membership in the System continues as long as you remain in office.

COMPENSATION FOR RETIREMENT

For salary and contribution purposes the membership of the system is categorized as follows:

Plan	Category	Salary	Contribution ¹
1	State Officials	Total Salary	5.0 percent
2	Supreme Court Justices Court of Appeals Judges State Court Administrator	Total Salary	5.0 percent
3(a)	Circuit Court Judges District Court Judges outside of 36 th District	State Base Salary	3.5 percent
3(b)		3(a) + \$2,250.00 of State salary standardization payment	3.5 percent
3(c)		3(a) + maximum salary standardization payment ²	7.0 percent
4	Probate judges in counties of less than 15,000 population	Total Salary	7.0 percent
5	36th District Court Judges	Total Salary	3.5percent
6	Probate judges who were members of the former PJRS under the 3 percent formula	Total Salary	7.0 percent (\$980.00 maximum)
7	Probate judges who were members of the former PJRS and who are not members of a county retirement plan.	Total Salary	7.0 percent

If you are a Plan 3 judge, your election of salary level participation (plan 3a, 3b or 3c) was required within 30 days of taking office. If no election was filed, conversion of the maximum State salary standardization amount (3c) occurred automatically. The maximum State salary standardization conversion amount is 40 percent of the difference between your State salary and the statutory maximum salary (State plus local salary). Salary standardization converted to the Judges Retirement System for retirement purposes must be deducted from local supplementary salary reported to a local retirement plan.

All other members participate on either total judicial salary, or total salary as an elected official.

CONTRIBUTIONS TO THE PLAN

PUBLICLY FINANCED CONTRIBUTIONS

There are two public sources which fund retirement benefits:

Court filing fees

State Appropriation

The State contributes annually, the greater of 3.5 percent of the aggregate annual compensation of State base salaries, or the difference between the total actuarial requirement for current service and unfunded accrued liabilities minus the revenues received from court filing fees and member contributions.

¹ For Plan 1 and 2 members, 2.0 percent of the 5.0 percent contribution is for health benefits.

² Equal to 40 percent of the difference between total salary and state base salary (local supplemental salary)

MEMBER CONTRIBUTIONS

As a member of the Judges Retirement System, a percentage of your monthly salary is deducted each month and put into your account in the Employees' Saving Fund (see appropriate percentage shown on previous page). The amount of your accumulated contributions is shown on your the Judges Retirement System Annual Member Statement, which is mailed to you after the end of each calendar year. When you retire, your accumulated contributions are transferred to the Pension Reserve Fund to help finance your retirement allowance.

The rate of interest credited to member accounts is established by the Retirement Board. Currently the rate is 8.0 percent compounded annually. Interest is credited at the end of each calendar year.

PRE-TAX CONTRIBUTIONS

Your contributions paid to the Judges Retirement System on and after January 1, 1983 are deferred for tax purposes. The contributions of a probate judge are only tax deferred if the local unit of government has adopted a resolution to do so. Under the tax deferral provision, your contributions will not be included in your gross taxable income until you retire or receive a refund. All contributions paid prior to January 1, 1983 and payments for out-of-system service are post-tax contributions.

REFUND OF CONTRIBUTIONS

If you leave office prior to satisfying the age and service requirements for retirement, you may request a refund of your contributions and interest. A refund of contributions forfeits all service these contributions represent and you will not be eligible for any benefits from the System.

A refund of contributions is a lump sum distribution which includes pre-tax contributions (if any) and interest. Federal law requires an automatic 20 percent withholding tax on the taxable portion of your refund unless you rollover this portion into an individual retirement arrangement (IRA) or another employer plan. The automatic withholding does not apply to taxable amounts under \$200.00.

Additionally, Federal law imposes a 10 percent penalty on early withdrawal of your retirement contributions unless there is a direct rollover of your contributions into another qualified plan. The following exceptions apply:

You are age 59 1/2 or older.

You are disabled.

You terminate your employment during or after the year you reach age 55.

Your refund is used for medical expenses.

The refund is paid to a beneficiary due to the member's death.

If you die while in office and are not eligible for a retirement benefit, your accumulated contributions and interest will be paid to your refund beneficiary, or to your estate or legal representative, if there is no designated refund beneficiary.

To apply for a refund, contact ORS for a refund application.

REPAYMENT OF REFUNDS

If you take a refund of your contributions when you leave judicial service, and in the future, you are again reappointed or elected to a judgeship, or return as an elected State official and accrue 6 or more months of service, you may repay your withdrawn contributions plus interest from the date of withdrawal to the date of repayment, and restore corresponding service credit. You should contact the Judges Retirement System for a billing. You will be billed for the amount withdrawn plus interest compounded at 3.5 percent from date of withdrawal to January 1, 1986 and 8 percent compounded from January 1, 1986 to date of repayment. If the refund was issued after January 1, 1986, the interest is

8 percent compounded. Payment must be made in a lump sum prior to leaving office or retirement from service.

SERVICE CREDIT

You earn service credit for each year and full month of service as a judge or state official. If you reach age 70 during a judicial term, service cannot be credited after the end of that term

SHORT-TERM ASSIGNMENTS

Members authorized by the Supreme Court to perform judicial duties for a limited period or a specific assignment pursuant to section 23 of Article VI of the State Constitution of 1963 may be credited one month of service for each 20 days of service in a 30-consecutive day period

MILITARY SERVICE

A member who has 12 years of credited service can receive service credit for up to a maximum of 2 years of active duty in the United States Armed Forces.

The payment required for military service is 5 percent of your compensation for retirement purposes for the year in which payment is made times the years and months of service claimed.

To receive credit, file a request with the retirement system, provide documentation of your active duty service, make payment for it, and relinquish for yourself and your beneficiaries all rights in and to a retirement allowance or annuity payable from another retirement system for the same period of military service.

OTHER PUBLIC SERVICE

Members with 4 or more years of membership service may purchase the following types of service by filing a request with the retirement system:

Service as a former elected state official who received an annual state salary for service performed in that office.

Service as a Municipal Judge.

Service as a Justice of Peace in a governmental unit.

Service as a judge under the former Judges Retirement System or Former Probate Judges Retirement System if credit for that service has not already been granted.

The payment required for other public service is the actuarial cost of the service.

To receive credit for other public service you must provide the appropriate documentation for the service you are claiming, make payment for it, and relinquish for yourself and your beneficiaries all rights in and to a retirement allowance or annuity payable from another retirement system for the same period of service. You must make your request to receive buy-in credit and pay for it before you terminate judicial service.

OTHER GOVERNMENTAL UNIT SERVICE

(Reciprocal Retirement Act 88 of 1961, as Amended)

Under certain conditions, Michigan governmental unit service may be combined with service performed under this Retirement System to qualify for a retirement allowance. You must have retirement contributions covering the governmental unit service on deposit with that unit's retirement plan and at least 4 years of service credit with this system. In addition, there must not be more than a 20-year break-in-service between your prior governmental service and your the Judges Retirement System service.

If you took a refund of contributions from the previous governmental unit, you may wish to contact your previous employer concerning repayment. If redeposit is allowed, you must do so within 20 years after your the Judges Retirement System service commences.

You can use governmental unit employment to qualify for a retirement allowance, but it is not used to calculate your retirement benefit. You must submit a letter from the governmental employer verifying your dates of employment and certifying that your contributions are on deposit, if you apply for benefits based in part upon prior governmental unit employment.

ROLLOVER OF TAX-DEFERRED MONEY

If you have Tax-Deferred Money from an eligible savings plan, the retirement system can accept a rollover of funds for purchase of additional service credit or refund repayment. We can accept a rollover only up to the amount of the additional service credit purchase or refund repayment. According to the Internal Revenue Service (IRS) eligible tax deferred savings plans are 401(a) and 401(k) plans.

Funds from a tax-sheltered annuity (TSA-403b) cannot be accepted as rollover. Funds from an individual retirement account (IRA) can be accepted only when the original source of funds is a qualified 401(a) or 401(k). Contact the IRS for qualification requirements before processing a rollover of tax-deferred funds.

ELIGIBLE DOMESTIC RELATIONS ORDER ACT (EDRO)

The Eligible Domestic Relations Order Act (EDRO) effective June 27, 1991 provides for a member's accrued pension to be shared as a marital asset if a domestic relations order is filed with ORS before the member's retirement effective date. EDRO requirements must be met for a domestic relations order to be processed.

The EDRO Act does not apply to a divorce that occurs after retirement. However, the retirement statute provides that if divorce occurs after retirement and a survivor option was selected, the option may be changed to a single life pension, providing a Court Order is filed with ORS ordering the change.

QUALIFICATIONS FOR RETIREMENT

Upon termination of judicial service, you are eligible to receive a monthly retirement allowance if you meet one of the following age and service requirements:

Age 60 or over with 8 or more years of service.

Age 55 or over with 18 years of service, the last 6 years continuous.

Twenty-five or more years of service, the last 6 years continuous - no age requirement.

Age 60 or over with service of two full terms in the office of Governor, Lieutenant Governor, Secretary of State, or Attorney General, or one full term in the office of Legislative Auditor General.

EARLY RETIREMENT

If you leave judicial service, but you have not yet met the age requirement for regular retirement benefits, the plan allows you to retire with a reduced retirement allowance. To be eligible for early retirement, you must be age 55 or over, but less than 60 years of age, with 12 or more, but less than 18 years of service

If you retire under the early retirement provision, there is a permanent reduction to your retirement allowance that would have been paid to you at age 60. The permanent reduction is one-half (0.5) percent for each month that you retire prior to age 60.

DEFERRED RETIREMENT

A member who terminates judicial service before satisfying the age requirements to receive a retirement allowance and who does not withdraw his or her contributions, and has 8 or more years of credited service, is entitled to receive a deferred vested retirement allowance upon reaching the minimum age requirement (age 60, or 55 with 18 years of service the last 6 continuous).

If you defer your retirement allowance, you should contact the retirement system office a few months prior to your eligibility date to obtain an application for retirement

EFFECTIVE DATE OF RETIREMENT

Your retirement allowance is effective the first day of the calendar month following the date:

You have satisfied the age and service requirements;

You have terminated your judicial service, or service as a state official; and

Your completed application forms have been on file with ORS for at least 30 days.

APPLICATION FOR RETIREMENT

To apply for retirement, complete the Judge's Retirement Application (R0169B), Income Tax Withholding Authorization (R0012X), Direct Deposit Application (R0277X), Insurance Enrollment/Change Request (R0452B), and the Life Insurance Beneficiary Designation (R0782GHB) application which are on our website at www.michigan.gov/orsjudgesdb. The application must be filed with the retirement system 30 days prior to your desired retirement date.

CALCULATION OF YOUR RETIREMENT ALLOWANCE

Your Straight Life retirement allowance is calculated in accordance with one of the following plan formulas:

Plan 1 members (state officials): 30 percent of your final compensation plus $3\frac{3}{4}$ percent of final compensation multiplied by the number of years and fraction of a year of credited service in excess of 8 years of service, but not more than 16 years. The maximum retirement benefit is 60 percent of final compensation.

Plan 2, 3, 4 and 5 members (State Court Administrator, Supreme Court Justices, Court of Appeals, Circuit, Recorder's, District Court Judges, and Probate Judges who took the bench after 1/1/83): If you have less than 12 years of service, 3 percent of your final compensation for each year of credited service. If you have 12 or more years of credited service, 50 percent of your final compensation plus 2.5 percent of final compensation multiplied by the number of years and fraction of a year of service in excess of 12 years of credited service, but not more than 16 years. The maximum retirement allowance is 60 percent of your final compensation.

Plan 6 members (Former PJRS members under 3 percent formula): 3 percent of your final compensation multiplied by the number of years and fraction of a year of credited service, not to exceed \$15,000.00 or 40 percent of final compensation, whichever is greater. However, the retirement allowance of a Plan 6 member when added to a retirement benefit payable under a county retirement plan cannot exceed $66\frac{2}{3}$ percent of final compensation.

Plan 7 members (Former PJRS members under 3.5percent formula who do not belong to a county retirement plan): 3.5 percent of your final compensation multiplied by the years and fraction of a year of service under the 3.5 percent plan plus remaining pre-1983 service, if any, computed under the 3 percent formula (not to exceed 40 percent). The total retirement allowance of a Plan 7 member cannot exceed $66\frac{2}{3}$ percent of final salary.

Final compensation is your annual rate of compensation for the calendar year of retirement. If you retire on January 1, your final compensation is the annual rate for the year immediately preceding your

retirement date. If you are a Plan 3 member, your final compensation is your State salary plus the State salary standardization payment converted to the Judges Retirement System, if any. (See Compensation for Retirement on pages 3 and 4.)

RETIREMENT ALLOWANCE PAYMENT OPTIONS

Prior to the effective date of retirement, you may choose one of the following retirement allowance payment options: Your retirement option election cannot be changed after your first retirement allowance check has been processed.

Straight Life allowance: pays you the highest monthly retirement allowance you can receive for your lifetime and terminates with your death. However, if you elect a Straight Life allowance, your surviving spouse will be eligible to receive a survivor's benefit equal to 50 percent of your retirement allowance.

Option A (100% Survivor allowance): pays you a reduced retirement allowance for life then continues to pay the same amount to your beneficiary after you die.

Option B (50% Survivor Allowance): pays you a reduced retirement allowance during your lifetime. After your death, your beneficiary receives a monthly retirement allowance equal to one-half of the retirement allowance you received during your lifetime.

The reduction under Options A and B are an actuarial determination dependent upon the joint life expectancies of the retiree and beneficiary. Eligible Option A or B beneficiaries are: a spouse, brother, sister, parent, or child (including adopted child) of a retiring member.

If you elect Option A or B, and your beneficiary predeceases you, your benefit will revert to a Straight Life retirement allowance.

DISABILITY RETIREMENT ALLOWANCE

If you become physically or mentally totally and permanently disabled while you are serving in judicial office, or as a State official, the plan provides a disability benefit.

You are eligible to receive a disability allowance if:

You have not met the age requirement for a regular retirement allowance.

You have 8 or more years of service.

Your physician and the Retirement System physician certify that you are totally and permanently disabled for the duties of your position.

The Retirement Board approves the disability allowance.

A disability allowance is computed in the same manner as a regular retirement allowance.

SURVIVOR BENEFITS

If you die before you retire and have 8 or more years of credited service, your spouse (or other eligible beneficiary) may receive a monthly survivor benefit equal to what he/she would have been entitled to receive under Option A if you had been retired before the date of your death.

Your spouse is automatically your pension beneficiary unless you complete a beneficiary nomination form naming another eligible beneficiary (see previous page) and your spouse signs the form waiving any rights to pension benefits. If you are unmarried, or if your spouse waives all pension benefit rights by signing this form, a monthly survivor benefit may be payable only to a child, including an adopted child, or a brother, sister or parent. This beneficiary will receive monthly survivor benefits for his/her lifetime.

The survivor allowance is effective the first of the month following the date of death.

If you die in office without a surviving spouse, or if your surviving spouse dies, your unmarried children are entitled to the survivor's retirement allowance until he or she reaches 19. If the child is attending school full-time, the allowance may be continued until age 25.

If you die while in deferred status (i.e., you left judicial, or State service before meeting age requirements for retirement), your spouse, or eligible children, are entitled to a survivor allowance equal to 50 percent of the amount you would have been entitled to receive when eligible. The deferred monthly survivor allowance becomes payable beginning the month you would have otherwise become eligible to receive a pension.

If you die before retirement and your spouse, or children, are not entitled to a monthly survivor allowance, any contributions you made plus accrued interest will be refunded to your refund beneficiary in a lump sum.

INSURANCE INFORMATION

STATE HEALTH PLAN

If you are a Plan 1 or 2 member (Supreme Court Justice, Court of Appeals Judge or elected official) you may enroll in the State Health Plan for retirees when you retire. For Plan 1 and 2 members, 20 percent of the health insurance premium is deducted from your monthly check until you are age 65, at which time Medicare provides primary health insurance coverage. For covered Plan 1 and 2 members enrolled in both parts of Medicare there is no premium for this insurance. Other members may enroll in the State Health Plan on a self-paid basis.

DENTAL AND VISION INSURANCE

You may enroll in the State Dental Plan and/or Vision Plan during an open enrollment period. Dental and vision coverage is on a self-paid basis and the premium is deducted from your monthly check.

GENERAL INSURANCE INFORMATION

In the event of a retiree's death, the surviving spouse may continue in the retiree health, vision and dental insurances.

A surviving spouse who is a pension recipient may enroll in the State health, dental or vision plans on a self-paid premium basis. For survivors of Plan 1 and 2 members who are also enrolled in both parts of Medicare there is no premium for the health insurance coverage.

LIFE INSURANCE

Life insurance may be continued through the Minnesota Life. The coverage will be equal to 25 percent of the active life insurance coverage. Dependent life insurance coverage is reduced at retirement to \$1,000.00. As a retiree, there will be no premium deduction from your monthly check for life insurance. Active life insurance coverage is twice your annual salary, up to \$200,000. The exception is if you choose the reduced life plan in which case your active life insurance coverage is equal to your annual salary up to \$50,000.

WORKING AFTER RETIREMENT

If you are appointed by the Supreme Court as a visiting judge for a limited period or specific assignment you continue to receive your retirement allowance. The court in which you are serving pays you the difference between 1/250th of your retirement allowance and 1/250th of the annual salary paid for the judicial office in which you serve.

RECALCULATION OF RETIREMENT BENEFITS

If you are elected or appointed by the Governor as a judge or state official while retired your retirement allowance is suspended during the period you serve in office. A retirant who is again elected or appointed as a judge or State official is a member of the system. If you return to office and serve 1 full term as a judge or State official, your retirement allowance can be recalculated based on your new final salary and include your additional service credit.

TAXES

Your pension may be subject to both Michigan and federal income tax. ORS will withhold taxes from your pension based on the information you provide at retirement, starting the month after ORS receives your request, unless you specify a later date below.

If you do not live in Michigan, check the state and local government income tax provisions for your area.

Each January, the Judges Retirement System sends pension recipients a Form 1099-R. This form provides the gross amount of retirement allowance paid during the preceding year, the portion subject to state and federal tax, and the amount of tax withheld.

If you paid contributions prior to 1983 (for Probate judges the date your local unit of government adopted the resolution to defer retirement contributions), or if you have purchased additional service credit, or both, you have already paid taxes on this money. Federal law requires that the tax credit on your post-tax contributions be distributed over the expected lifetime of you and your beneficiary, so that from the date of retirement forward, each monthly check contains both taxable and nontaxable income.

The total amount of your post-tax money (if any) will be reported to you before your first check is issued.

DIRECT DEPOSIT OF PENSION CHECKS

Pensions are paid on the 25th of each month for the month they are due. If the 25th falls on a weekend or holiday, watch for your payment on the preceding business day. December payments are issued about one week early.

FOR FURTHER INFORMATION

If you have questions about the information in this booklet, you are encouraged to contact our office.

MAILING ADDRESS:

Office of Retirement Services
PO Box 30171
Lansing, Michigan 48909-7671

TELEPHONE NUMBERS:

(517) 322-5103 (Lansing area)
(800) 381-5111 (if outside the Lansing area)

If you have specific questions concerning your account, please include your name, address, and social security number in your communication. (E-mail sent to our office is not secure. If you prefer not to include this information in an e-mail, please contact us by phone or mail as listed above.)