

## ARTICLE 19

### RETIREMENT SYSTEM

- A. Retirement Benefits: The Employer shall continue the benefits as provided by the presently constituted Macomb County Employees' Retirement Ordinance, and the Employer and the employee shall abide by the terms and conditions thereof, provided, that the provisions thereof may be amended by the Employer as provided by the

statutes of the State of Michigan and provided further, that an annual statement of employee's contributions will be furnished to the employee.

- B. Employee Contribution: The employee's contribution to the retirement system is three and five tenths percent (3.5%) of his/her compensation.
- C. County Pension Maximum: The County pension shall not exceed sixty-five percent (65%) of an employee's final average compensation.
- D. Pension Multiplier: The pension multiplier is two and four tenths percent (2.4%) for the first twenty-six (26) years of credited service and one percent (1%) for each year of credited service thereafter.
- E. Final Average Compensation Formula: The formula for computing final average compensation, used for calculating pension benefits for eligible bargaining unit members, shall be based on the average of an employee's four (4) highest consecutive years of compensation out of the last ten (10) years of service.
- F. Pension Calculation: The County pension, which when added to an employee pension, will provide a straight life retirement allowance equal to the number of years, and fraction of a year, of an employee's credited service multiplied by the sum of 2.4% of the employee's final average compensation for the first twenty-six (26) years of service and one percent (1%) for each year of service thereafter.
- G. Eligibility: Any member who meets the following criteria may retire upon his/her written application filed with the Retirement Commission:
  - 1. Attained age 60 years and has 8 or more years of credited service; or
  - 2. Attained the age of 50 with at least 8 years of credited service, if the employee's age, when added to the employee's years of credited service, equal the sum of 70 or more.

Upon his/her retirement, the employee shall receive a retirement allowance as provided in Section 22 of the Retirement Ordinance.

- H. Retroactive Effect: Notwithstanding the provisions of Section 2 (11) and 2 (12) of the Macomb County Employees' Retirement System Ordinance, when an employee's Final Average Compensation is calculated, any retroactive wages provided shall be counted as if the retroactive wages were paid to the employee when the wages were earned, not when they were received by the employee.
- I. Annuity Withdrawal: Members of the Macomb County Employees' Retirement System who retire on or after January 1, 1988, may elect to take an Annuity Withdrawal. The utilization of this option shall be governed by any applicable Annuity Withdrawal provisions of the Macomb County Employees' Retirement System Ordinance.
- J. Purchase of Military Service Credits: A member who wishes to purchase military service credits as provided in Section 20 of the Macomb County Employees' Retirement Ordinance shall be allowed to purchase said credits through payroll deduction. A member who chooses the payroll deduction option may spread his/her purchase of military service credits over the same number of years that the member is purchasing (i.e., if two years of credits are being purchased, the member will have two years to use the payroll deduction option).

If a member chooses the payroll deduction option, the cost of such credit shall be computed as provided in Section 20 of the aforementioned Ordinance, and the cost shall be adjusted every January 1, as appropriate.

K. Pop Up Option: A retirant may elect this option in combination with Option A or B of Section 26 of the Ordinance. Under this option, a reduced retirement allowance is payable during the joint lifetime of the retirant and his/her beneficiary nominated under Option A or B, whichever is elected. Upon the death of the retirant, his/her beneficiary will receive a retirement allowance for life equal to the percentage specified by Option A or B of the reduced retirement income payable during the joint lifetime of the retirant and his/her beneficiary. Upon the death of the beneficiary, the retirant will receive a retirement allowance equal to one hundred percent of the amount specified by Section 26 (a) of the Macomb County Employees' Retirement Ordinance for the remaining lifetime of the retirant. The reduced retirement allowance payable during the joint lifetime of the retirant and his/her beneficiary together with the retirement allowance payable to one upon the death of the other will be actuarially equivalent to the retirement allowance provided by Section 22 of the Macomb County Employees' Retirement Ordinance as a single life annuity. This provision shall be without force or effect unless or until the retirant submits acceptable documentation of the death of his/her beneficiary to the Secretary of the Retirement Commission.

L. Deferred Retirement Allowance Option: In the event a bargaining unit member, who has eight or more years of credited service, leaves the employ of the County prior to the date he/she has satisfied the age and service requirements for retirement provided in Section 21 of the Macomb County Employees' Retirement Ordinance, for any reason except his/her disability retirement or death, he/she shall be entitled to retire at the normal retirement age and be subject to the retirement formula in effect at the time he/she left County employment and as provided for in Section 22 of the Macomb County Employees' Retirement Ordinance, provided that he/she does not withdraw his/her accumulated contributions from the employees savings fund. His/her retirement allowance under the plan in effect at the employee's termination of County employment shall begin the first day of the calendar month next following the date his/her application for same is filed with the Commission after the employee would have become eligible for retirement under the plan had the employee's employment not been terminated, but not later than 90 days after the employee becomes 65 years of age.

A vested former member who withdraws accumulated member contributions and voluntarily forfeits credited service in the System thereby forfeits all rights in and to the portion of the pension attributable to the forfeited credited service.

M. Non-Duty Death Retirement Allowance, Automatic Provisions: Any bargaining unit member who continues in the employ of the County for more than ten years and has not nominated a beneficiary as provided in the Macomb County Employees' Retirement Ordinance, and (1) dies while in County employment and (2) leaves a spouse, the spouse shall immediately receive a retirement allowance computed in the same manner in all respects as if the member had (1) retired the day preceding the date of his/her death, notwithstanding that he/she might not have attained age 60 years, (2) elected Option A in Section 26 of the Macomb County Employees' Retirement Ordinance and (3) nominated his/her spouse as beneficiary.

N. DROP Program: The Memorandum of Understanding regarding the Deferred Retirement Option Plan (DROP) is attached to and is incorporated by reference as part of this Agreement.