

**House Bill 4866**  
**Sponsor: Rep. Justine Barns**  
**Committee: Senior Citizens**  
**& Retirement**

**Complete to 9-16-91**

## **A SUMMARY OF HOUSE BILL 4866 INTRODUCED 5-23-91**

The bill would amend the Municipal Employees Retirement Act to revise the eligibility requirements for disability retirement as follows.

Definition of Disability. Currently, under the act, a member with ten years of credited service may receive a disability retirement allowance provided that each of the following conditions are met:

- the member undergoes the appropriate medical examinations; and
- the medical advisor certifies to the board that the member is mentally or physically incapacitated for any continued employment by the municipality or court, that the incapacity is likely to be permanent, and that the member should be retired.

Under the bill, the retirement board would have to concur with the medical adviser's certification that the member was incapacitated for continued employment in the position that he or she held at the time of the incapacity, and that the incapacity was likely to continue for two years or more. The municipality or court would also be required to certify to the board that it was unable to employ the member in a position that was compensated at a level equal to, or higher than, the compensation level the member had held at the time of the incapacity. In addition, the compensation level used would be determined according to the pay scale in effect for that position on the date of the certification by the participating municipality or court. Both the member and the municipality or court would be required to certify to the board that the member had not voluntarily accepted any employment offered by them.

Computation of Benefits. Under the bill, the requirement that a member have ten years of credited service would be deleted. The bill would require, instead, that the member have the amount of credited service needed to vest in the municipality or court's retirement plan. The act currently permits disabled members to retire with less than 10 years of service if their disability is related to their employment with the municipality. Under this circumstance, the allowance of a member who has acquired less than 10 years of credited service is computed as though he or she had acquired exactly 10 years of credited service. The bill would amend the act to require that a member's retirement allowance be computed as though the member had acquired the amount of credited service needed to vest in the retirement plan of the participating court or municipality.

**Suspension of Benefits.** Currently, the act also requires that payment of a disability retirement allowance be discontinued if, following the medical examination, the medical examiner certifies, and the board concurs, that the disability retiree is mentally and physically able and capable of resuming gainful employment with the municipality from which he or she retired. Under the bill, this provision would be amended to require, instead, that payment of an allowance be suspended if the medical adviser certified that the disability retiree was mentally and physically capable of employment in the position held at the time of the incapacity, and if the municipality or court offered employment to the disability retiree in that same position. Payment of an allowance would be suspended for the period during which either of the following circumstances existed:

a) The disability retiree refused to accept a trial period of employment that was offered by the municipality or court within three years after the date the member was retired for disability, if the compensation for the trial period was equal to or higher than the compensation level of the position the retiree had held at the time of the incapacity. The compensation level used would be determined according to the pay scale in effect for that position on the date the municipality or court offered the employment to the retiree.

b) The disability retiree voluntarily accepted any employment offered by the participating municipality or court.

**Trial Periods of Employment.** Under the bill, a disability retiree could be employed for a trial period of up to 120 days, upon prior approval of an employee of the retirement system who had been authorized by the board to approve the employment. The employee would report each approval of employment to the board. The retiree would not become a member of the retirement system, and his or her disability status would not be affected during a trial period. Approval could be granted for up to two trial periods of employment in any five-year period. The bill would require that each offer of employment made to a disability retiree by a municipality or court be made in writing and include a complete description of the job duties and responsibilities; salary; a statement indicating whether the disability retiree's disability retirement allowance would be suspended as a result of refusing the employment offer; a statement indicating that the retiree could contact the retirement system to verify any information contained in the offer; and the name and current address of the retirement system.

**Considered Income.** Under the bill, the amount of compensation paid to a retiree during a trial period would not be calculated as "considered income," which is defined under the act to include compensation for personal services rendered in gainful employment; worker's compensation benefits and settlements; accident, disability, and sickness insurance that is financed by a participating municipality or court; and federal Social Security payments. (The act limits the amount of a disability retirement allowance to no more than the member's final average compensation less the amount of "considered income" received by the person.)

MCL 38.1524 et al.