

HOUSE BILL No. 4889

May 30, 1991, Introduced by Rep. Webb and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 61 of Act No. 300 of the Public Acts of 1980, entitled

"The public school employees retirement act of 1979,"

as amended by Act No. 194 of the Public Acts of 1989, being section 38.1361 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 61 of Act No. 300 of the Public Acts of
2 1980, as amended by Act No. 194 of the Public Acts of 1989, being
3 section 38.1361 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 61. (1) If a retirant is receiving a retirement allow-
6 ance other than a disability allowance payable under this act or
7 under former Act No. 136 of the Public Acts of 1945, on account
8 of either age or years of personal service performed, or both,

1 and becomes employed by a reporting unit, the following shall
2 take place:

3 (a) The retirant shall not be entitled to a new final aver-
4 age compensation or additional service credit under this retire-
5 ment system unless additional service is performed equivalent to
6 5 or more years of service credit or, if the retirant has con-
7 tributed to the member investment plan, the equivalent of 3 or
8 more years of service credit. The retirant may elect to have the
9 retirement allowance recomputed based on the added credit or the
10 final average compensation resulting from the added service, or
11 both. A retirement allowance shall not be recomputed until the
12 retirant pays into the retirement system an amount equal to the
13 retirant's new final average compensation multiplied by the per-
14 centage determined under section 41(2) for normal cost and
15 unfunded actuarial accrued liabilities, not including the percen-
16 tage required for the funding of health benefits, multiplied by
17 the total service credit in the period in which the retirant's
18 additional service was performed.

19 (b) The retirant's retirement allowance shall be reduced by
20 the lesser of the amount that the earnings in a calendar year
21 exceed the amount permitted without a reduction of benefits under
22 the social security act, chapter 531, 49 stat. 620 or 1/3 of the
23 retirant's final average compensation. For purposes of computing
24 allowable earnings under this subdivision, the final average com-
25 pensation shall be increased by 5% for each full year of
26 retirement.

1 (c) The retirement system may offset retirement benefits
2 payable under this act against amounts owed to the retirement
3 system by a retirant or retirement allowance beneficiary.

4 (2) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT WHO DOES NOT
5 BECOME A MEMBER OF THIS RETIREMENT SYSTEM PURSUANT TO HIS OR HER
6 EMPLOYMENT BY AN INSTITUTION OF HIGHER EDUCATION THAT IS CONSID-
7 ERED A REPORTING UNIT UNDER SUBSECTION (1).