

# HOUSE BILL No. 5771

April 28, 1992, Introduced by Rep. Nye and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 19 of Act No. 240 of the Public Acts of 1943, entitled as amended  
"State employees' retirement act,"  
as amended by Act No. 297 of the Public Acts of 1989, being section 38.19 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 19 of Act No. 240 of the Public Acts of  
2 1943, as amended by Act No. 297 of the Public Acts of 1989, being  
3 section 38.19 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 19. (1) A member who is 60 years of age or older and  
6 has 10 or more years of credited service OR A MEMBER WHO IS 60  
7 YEARS OF AGE OR OLDER AND HAS 5 OR MORE YEARS OF CREDITED SERVICE  
8 AS PROVIDED IN SECTION 20(4) OR (5) may retire upon written  
9 application to the retirement board, stating a date, not less

1 than 30 or more than 90 days after the execution and filing of  
2 the application, on which he or she desires to retire. Beginning  
3 on the retirement allowance effective date, he or she shall  
4 receive a retirement allowance computed according to section  
5 20(1).

6 (2) A member who is 55 years of age or older, but less than  
7 60 years of age, and has 15 or more years of credited service,  
8 may retire upon written application to the retirement board stat-  
9 ing a date, not less than 30 or more than 90 days after the exe-  
10 cution and filing of the application, on which he or she desires  
11 to retire. Upon retirement he or she shall receive a retirement  
12 allowance computed according to section 20(1). The retirement  
13 allowance of a member who has less than 30 ~~years~~ YEARS OF  
14 credited service shall be reduced by an amount ~~which~~ THAT is  
15 0.5% of the retirement allowance multiplied by the number of  
16 months the person's age at retirement is under 60 years. The  
17 reduction of 1/2 of 1% for each month and fraction of a month  
18 from the member's retirement allowance effective date to the date  
19 of the member's sixtieth birthday provided for in this subsection  
20 ~~shall~~ DOES not apply to a member who retired before July 1,  
21 1974 and before attainment of ~~age~~ 60 YEARS OF AGE, with 30 or  
22 more years of credited service. The retirement allowance of a  
23 retirant or beneficiary of a retirant who retired before that  
24 date shall be recalculated disregarding the reduction and the  
25 person receiving the retirement allowance ~~shall be~~ IS eligible  
26 to receive an adjusted retirement allowance based on the  
27 recalculation beginning October 1, 1987, but ~~shall~~ IS not ~~be~~

1 eligible to receive the adjusted amount attributable to any month  
2 beginning before October 1, 1987. The recalculated retirement  
3 allowance provided by this subsection shall be paid by January 1,  
4 1988. The retirement allowance of a retirant who dies before  
5 January 1, 1988, and who has not nominated a retirement allowance  
6 beneficiary pursuant to section 31 ~~—~~ shall not be recalculated  
7 pursuant to this subsection.

8 (3) Notwithstanding any other provision of this section,  
9 effective April 1, 1988, a member may retire with a retirement  
10 allowance computed according to section 20(1), without regard to  
11 the reduction in subsection (2), if all of the following apply:

12 (a) The member files a written application with the retire-  
13 ment board stating a date, not less than 30 or more than 90 days  
14 after the execution and filing of the application, on which the  
15 member desires to retire, and which is within the early retire-  
16 ment effective period.

17 (b) The member was employed by the state for the 6-month  
18 period immediately preceding the member's retirement allowance  
19 effective date. This subdivision ~~shall~~ DOES not apply to a  
20 member who ~~had been~~ WAS restored to active service during that  
21 6-month period pursuant to section 33.

22 (c) On the last day of the month immediately preceding the  
23 retirement allowance effective date stated in the application the  
24 member's combined age and length of credited service is equal to  
25 or greater than 80 years and the member is 50 years of age or  
26 older.

1 (d) For purposes of this subsection, "early retirement  
2 effective period" means 1 of the following:

3 (i) Except as provided in subparagraph (ii), the period  
4 beginning on April 1, 1988 and ending on April 1, 1989.

5 (ii) For a member employed by a department of mental health  
6 hospital or facility that is in the process of being closed by  
7 the department of mental health, the period beginning on April 1,  
8 1988 and ending on October 1, 1989.

9 (4) As used in subsections (5) to (9):

10 (a) "Agency of the department" means 1 of the following:

11 (i) Southwest Michigan community living services.

12 (ii) Wayne community living services.

13 (b) "Department inpatient facility" means 1 of the  
14 following:

15 (i) A developmental disability center that is directly oper-  
16 ated by the department of mental health for purposes of providing  
17 inpatient care and treatment services to persons with developmen-  
18 tal disabilities.

19 (ii) A psychiatric hospital that is directly operated by the  
20 department of mental health for purposes of providing inpatient  
21 diagnostic and therapeutic services to persons who are mentally  
22 ill.

23 (5) Notwithstanding any other provision of this section, a  
24 member who is an employee of an agency of the department or a  
25 department inpatient facility and is on layoff status because the  
26 agency or inpatient facility has been designated by the director  
27 of mental health for closure on or after October 1, 1989, may

1 retire as provided in subsection (7) or (8), as applicable, with  
2 a retirement allowance computed according to section 20(1), with-  
3 out regard to the reduction in subsection (2), upon satisfaction  
4 of any 1 of the following conditions:

5 (a) The member is 51 years of age or older and has 25 or  
6 more years of credited service, the last 5 of which are as an  
7 employee of an agency of the department designated for closure or  
8 a department inpatient facility designated for closure.

9 (b) The member is at least 56 years of age and has 10 or  
10 more years of credited service, the last 5 of which are as an  
11 employee of an agency of the department designated for closure or  
12 a department inpatient facility designated for closure.

13 (c) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,  
14 THE member has 25 or more years of credited service, regardless  
15 of age, as an employee of an agency of the department designated  
16 for closure or a department inpatient facility designated for  
17 closure. HOWEVER, A MEMBER WHO PURCHASES SERVICE CREDIT FOR MIL-  
18 ITARY OR OTHER ARMED SERVICE OF THE UNITED STATES GOVERNMENT  
19 UNDER SECTION 18 MAY USE THAT PURCHASED SERVICE CREDIT IN MEETING  
20 THE 25-YEAR REQUIREMENT OF THIS SUBDIVISION.

21 (6) When a department inpatient facility or agency OF THE  
22 DEPARTMENT is designated for closure on or after October 1, 1989,  
23 the director of mental health shall certify in writing to the  
24 state legislature and the retirement board, not less than 240  
25 days before the designated official date of closure, which  
26 DEPARTMENT INPATIENT facility or agency OF THE DEPARTMENT is to  
27 be closed and the designated official date of closure.

1       (7) Except as provided in subsection (8), a member who is  
2 eligible to receive a retirement allowance under subsection (5)  
3 may retire effective on the date that an agency of the department  
4 or a department inpatient facility designated for closure as pro-  
5 vided in subsection (5) actually closes, upon written application  
6 to the retirement board not less than 30 or more than 180 days  
7 before the designated official date of closure. Beginning on the  
8 retirement allowance effective date, he or she shall receive a  
9 retirement allowance computed according to section 20(1).

10       (8) A member who is on layoff status, is not working for the  
11 state, and becomes eligible to receive a retirement allowance  
12 under subsection (5) and who was an employee of an agency of the  
13 department or a department inpatient facility that has been des-  
14 ignated for closure as provided in subsection (5) and that actu-  
15 ally closes on or after October 1, 1989, may retire upon written  
16 application to the retirement board, stating a date, not less  
17 than 30 or more than 180 days after the facility actually closes,  
18 upon which he or she wishes to retire. Beginning on the retire-  
19 ment allowance effective date, he or she shall receive a retire-  
20 ment allowance computed according to section 20(1).

21       (9) Any additional accrued actuarial cost and costs for  
22 health insurance resulting from the implementation of subsection  
23 (5) shall be funded from appropriations to the department of  
24 mental health for this purpose.