

SENATE BILL No. 801

March 12, 1992, Introduced by Senators DE GROW, MC MANUS and N. SMITH and referred to the Committee on Mental Health, Human Resources, and Senior Citizens.

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
5 section 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 cred-
14 ited service shall be reduced by an amount ~~which~~ THAT is 0.5%
15 of the retirement allowance multiplied by the number of months
16 the person's age at retirement is under 60 years. The reduction
17 of 1/2 of 1% for each month and fraction of a month from the
18 member's retirement allowance effective date to the date of the
19 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 60 YEARS OF age, with 30 or more
22 years of credited service. The retirement allowance of a retir-
23 ant or beneficiary of a retirant who retired before that date
24 shall be recalculated disregarding the reduction and the person
25 receiving the retirement allowance ~~shall be~~ IS eligible to
26 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 member has 25 or more years of credited service,
14 regardless of age, AND 20 OR MORE OF THOSE YEARS OF CREDITED
15 SERVICE ARE as an employee of an agency of the department desig-
16 nated for closure or a department inpatient facility designated
17 for closure.

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

25 (7) Except as provided in subsection (8), a member who is
26 eligible to receive a retirement allowance under subsection (5)
27 may retire effective on the date that an agency of the department

1 or a department inpatient facility designated for closure as
2 provided in subsection (5) actually closes, upon written applica-
3 tion to the retirement board not less than 30 or more than 180
4 days before the designated official date of closure. Beginning
5 on the retirement allowance effective date, he or she shall
6 receive a retirement allowance computed according to
7 section 20(1).

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

19 (9) Any additional accrued actuarial cost and costs for
20 health insurance resulting from the implementation of
21 subsection (5) shall be funded from appropriations to the depart-
22 ment of mental health for this purpose.