



# HOUSE BILL No. 5522

January 23, 1996, Introduced by Reps. Rhead, Llewellyn, Hill, Hammerstrom, Brackenridge, Dalman and McNutt and referred to the Committee on Appropriations.

A bill to amend sections 171, 19, and 44 of Act No. 240 of the Public Acts of 1943, entitled as amended "State employees' retirement act," section 171 as amended by Act No. 176 of the Public Acts of 1995 and section 19 as amended and section 44 as added by Act No. 195 of the Public Acts of 1993, being sections 38.171, 38.19, and 38.44 of the Michigan Compiled Laws.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Sections 171, 19, and 44 of Act No. 240 of the  
2 Public Acts of 1943, section 171 as amended by Act No. 176 of the  
3 Public Acts of 1995 and section 19 as amended and section 44 as  
4 added by Act No. 195 of the Public Acts of 1993, being  
5 sections 38.171, 38.19, and 38.44 of the Michigan Compiled Laws,  
6 are amended to read as follows:

1       Sec. 17~~l~~. (1) An employee of the state accident fund who  
2 has 5 or more but less than 10 years of credited service as of  
3 the effective date of the transfer in order to qualify for a  
4 retirement allowance under this act may purchase additional serv-  
5 ice credit under this subsection. A member who purchases addi-  
6 tional service credit UNDER THIS SUBSECTION shall contribute  
7 within 10 years after the effective date of the transfer an  
8 amount equal to the product of the following:

9       (a) Ten less the number of years and fraction of a year of  
10 that employee's credited service.

11       (b) The employee's full-time or equated full-time fiscal  
12 year compensation for the last fiscal year before the effective  
13 date of the transfer.

14       (c) The actuarial cost ~~percentage determined under section~~  
15 ~~1a~~ for the year in which the effective date of the transfer  
16 occurred.

17       (2) AN EMPLOYEE OF THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
18 IN THE DEPARTMENT OF MANAGEMENT AND BUDGET WHO HAS 5 OR MORE BUT  
19 LESS THAN 10 YEARS OF CREDITED SERVICE ON THE CERTIFICATION DATE  
20 IN ORDER TO QUALIFY FOR A RETIREMENT ALLOWANCE UNDER THIS ACT MAY  
21 PURCHASE ADDITIONAL SERVICE CREDIT UNDER THIS SUBSECTION. AS  
22 USED IN THIS SUBSECTION, "CERTIFICATION DATE" MEANS THAT TERM AS  
23 DEFINED IN SECTION 2A OF THE MUNICIPAL EMPLOYEES RETIREMENT ACT  
24 OF 1984, ACT NO. 427 OF THE PUBLIC ACTS OF 1984, BEING  
25 SECTION 38.1502A OF THE MICHIGAN COMPILED LAWS. A MEMBER WHO  
26 PURCHASES ADDITIONAL SERVICE CREDIT UNDER THIS SUBSECTION SHALL  
27 CONTRIBUTE WITHIN 6 YEARS AFTER THE CERTIFICATION DATE OR THE

1 DATE OF SEPARATION FROM STATE EMPLOYMENT, WHICHEVER OCCURS FIRST,  
2 AN AMOUNT EQUAL TO THE PRODUCT OF THE FOLLOWING:

3 (A) TEN LESS THE NUMBER OF YEARS AND FRACTION OF A YEAR OF  
4 THAT EMPLOYEE'S CREDITED SERVICE.

5 (B) THE EMPLOYEE'S FULL-TIME OR EQUATED FULL-TIME FISCAL  
6 YEAR COMPENSATION FOR THE LAST FISCAL YEAR BEFORE THE CERTIFICA-  
7 TION DATE.

8 (C) THE ACTUARIAL COST FOR THE YEAR IN WHICH THE CERTIFICA-  
9 TION DATE OCCURRED.

10 (3) ~~-(2)-~~ Not more than 5 years of additional service credit  
11 may be purchased under this section.

12 Sec. 19. (1) A member who is 60 years of age or older and  
13 has 10 or more years of credited service OR A MEMBER WHO IS 60  
14 YEARS OF AGE OR OLDER AND HAS 5 OR MORE YEARS OF CREDITED SERVICE  
15 AS PROVIDED IN SECTION 20(4) OR (5) may retire upon written  
16 application to the retirement board, stating a date, not less  
17 than 30 or more than 90 days after the execution and filing of  
18 the application, on which he or she desires to retire. Beginning  
19 on the retirement allowance effective date, he or she shall  
20 receive a retirement allowance computed according to section  
21 20(1).

22 (2) A member who is 55 years of age or older, but less than  
23 60 years of age, and has 15 or more years of credited service,  
24 may retire upon written application to the retirement board stat-  
25 ing a date, not less than 30 or more than 90 days after the exe-  
26 cution and filing of the application, on which he or she desires  
27 to retire. Upon retirement he or she shall receive a retirement

1 allowance computed according to section 20(1). ~~The~~ EXCEPT AS  
2 OTHERWISE PROVIDED IN THIS ACT, THE retirement allowance of a  
3 member who has less than 30 ~~years~~ YEARS OF credited service  
4 shall be reduced by an amount ~~which~~ THAT is 0.5% of the retire-  
5 ment allowance multiplied by the number of months the person's  
6 age at retirement is under 60 years. The reduction of 1/2 of 1%  
7 for each month and fraction of a month from the member's retire-  
8 ment allowance effective date to the date of the member's six-  
9 tieth birthday provided for in this subsection ~~shall~~ DOES not  
10 apply to a member who retired before July 1, 1974 and before  
11 attainment of ~~age~~ 60 YEARS OF AGE, with 30 or more years of  
12 credited service. The retirement allowance of a retirant or ben-  
13 eficiary of a retirant who retired before that date shall be  
14 recalculated disregarding the reduction and the person receiving  
15 the retirement allowance ~~shall be~~ IS eligible to receive an  
16 adjusted retirement allowance based on the recalculation begin-  
17 ning October 1, 1987, but ~~shall~~ IS not ~~be~~ eligible to receive  
18 the adjusted amount attributable to any month beginning before  
19 October 1, 1987. The recalculated retirement allowance provided  
20 by this subsection shall be paid by January 1, 1988. The retire-  
21 ment allowance of a retirant who dies before January 1, 1988, and  
22 who has not nominated a retirement allowance beneficiary pursuant  
23 to section 31, shall not be recalculated pursuant to this  
24 subsection.

25 (3) Notwithstanding any other provision of this section,  
26 effective April 1, 1988, a member may retire with a retirement

1 allowance computed according to section 20(1), without regard to  
2 the reduction in subsection (2), if all of the following apply:

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

8 (b) The member was employed by the state for the 6-month  
9 period immediately preceding the member's retirement allowance  
10 effective date. This subdivision ~~shall~~ DOES not apply to a  
11 member who ~~had been~~ WAS restored to active service during that  
12 6-month period pursuant to section 33.

13 (c) On the last day of the month immediately preceding the  
14 retirement allowance effective date stated in the application the  
15 member's combined age and length of credited service is equal to  
16 or greater than 80 years and the member is 50 years of age or  
17 older.

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

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

22 (ii) For a member employed by a department of mental health  
23 hospital or facility that is in the process of being closed by  
24 the department of mental health, the period beginning on April 1,  
25 1988 and ending on October 1, 1989.

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

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

2 (i) Southwest Michigan community living services.

3 (ii) Wayne community living services.

4 (b) "Department inpatient facility" means 1 of the  
5 following:

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

10 (ii) A psychiatric hospital that is directly operated by the  
11 department of mental health for purposes of providing inpatient  
12 diagnostic and therapeutic services to persons who are mentally  
13 ill.

14 (5) Notwithstanding any other provision of this section, a  
15 member who is an employee of an agency of the department or a  
16 department inpatient facility and is on layoff status because the  
17 agency OF THE DEPARTMENT or DEPARTMENT inpatient facility has  
18 been designated by the director of mental health for closure on  
19 or after October 1, 1989, may retire as provided in subsection  
20 (7) or (8), as applicable, with a retirement allowance computed  
21 according to section 20(1), without regard to the reduction in  
22 subsection (2), upon satisfaction of any 1 of the following  
23 conditions:

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

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

5 (c) The member has 25 or more years of credited service,  
6 regardless of age, as an employee of an agency of the department  
7 designated for closure or a department inpatient facility desig-  
8 nated for closure.

9 (6) When a department inpatient facility or agency OF THE  
10 DEPARTMENT is designated for closure on or after October 1, 1989,  
11 the director of mental health shall certify in writing to the  
12 state legislature and the retirement board, not less than 240  
13 days before the designated official date of closure, which facil-  
14 ity or agency is to be closed and the designated official date of  
15 closure.

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

25 (8) A member who is on layoff status, is not working for the  
26 state, and becomes eligible to receive a retirement allowance  
27 under subsection (5) and who was an employee of an agency of the

1 department or a department inpatient facility that has been  
2 designated for closure as provided in subsection (5) and that  
3 actually closes on or after October 1, 1989, may retire upon  
4 written application to the retirement board, stating a date, not  
5 less than 30 or more than 180 days after the facility actually  
6 closes, upon which he or she wishes to retire. Beginning on the  
7 retirement allowance effective date, he or she shall receive a  
8 retirement allowance computed according to section 20(1).

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

13 (10) A member who is an employee of the state accident fund  
14 on the date of transfer to a permitted transferee as that term is  
15 defined by section 701a of the worker's disability compensation  
16 act of 1969, Act No. 317 of the Public Acts of 1969, being sec-  
17 tion 418.701a of the Michigan Compiled Laws, may retire if the  
18 member's age and his or her length of service is equal to or  
19 greater than 70 years on the date of transfer. The member may  
20 retire upon written application to the retirement board, stating  
21 a date, not less than 30 or more than 90 days after the execution  
22 and filing of the application, on which he or she desires to  
23 retire. Beginning on the retirement allowance effective date, he  
24 or she shall receive a retirement allowance computed according to  
25 section 20(1), without regard to the reduction required by sub-  
26 section (2).

1 (11) A MEMBER WHO IS AN EMPLOYEE OF THE MUNICIPAL EMPLOYEES  
2 RETIREMENT SYSTEM IN THE DEPARTMENT OF MANAGEMENT AND BUDGET ON  
3 THE CERTIFICATION DATE MAY RETIRE IF THE MEMBER'S AGE AND HIS OR  
4 HER LENGTH OF SERVICE IS EQUAL TO OR GREATER THAN 70 YEARS ON THE  
5 CERTIFICATION DATE. THE MEMBER MAY RETIRE UNDER THIS SUBSECTION  
6 UPON WRITTEN APPLICATION TO THE RETIREMENT BOARD, STATING A DATE,  
7 NOT LESS THAN 30 OR MORE THAN 90 DAYS AFTER THE EXECUTION AND  
8 FILING OF THE APPLICATION, ON WHICH HE OR SHE DESIRES TO RETIRE.  
9 BEGINNING ON THE RETIREMENT ALLOWANCE EFFECTIVE DATE, HE OR SHE  
10 SHALL RECEIVE A RETIREMENT ALLOWANCE COMPUTED ACCORDING TO SEC-  
11 TION 20(1), WITHOUT REGARD TO THE REDUCTION REQUIRED BY SUBSEC-  
12 TION (2). AS USED IN THIS SUBSECTION, "CERTIFICATION DATE" MEANS  
13 THAT TERM AS DEFINED IN SECTION 2A OF THE MUNICIPAL EMPLOYEES  
14 RETIREMENT ACT OF 1984, ACT NO. 427 OF THE PUBLIC ACTS OF 1984,  
15 BEING SECTION 38.1502A OF THE MICHIGAN COMPILED LAWS.

16 Sec. 44. (1) An employee of the state accident fund who was  
17 vested in the state retirement system on or before the effective  
18 date of the transfer authorized by section 701a of ~~Chapter 7 of~~  
19 the worker's disability compensation act of 1969, Act No. 317 of  
20 the Public Acts of 1969, being section 418.701a of the Michigan  
21 Compiled Laws, ~~shall be~~ IS entitled to all of the rights, priv-  
22 ileges, and benefits provided by this act accrued as of the  
23 effective date of the transfer.

24 (2) AN EMPLOYEE OF THE MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
25 IN THE DEPARTMENT OF MANAGEMENT AND BUDGET WHO WAS VESTED IN THE  
26 STATE RETIREMENT SYSTEM ON OR BEFORE THE CERTIFICATION DATE IS  
27 ENTITLED TO ALL OF THE RIGHTS, PRIVILEGES, AND BENEFITS PROVIDED

1 BY THIS ACT ACCRUED AS OF THE CERTIFICATION DATE. AS USED IN  
2 THIS SUBSECTION, "CERTIFICATION DATE" MEANS THAT TERM AS DEFINED  
3 IN SECTION 2A OF THE MUNICIPAL EMPLOYEES RETIREMENT ACT OF 1984,  
4 ACT NO. 427 OF THE PUBLIC ACTS OF 1984, BEING SECTION 38.1502A OF  
5 THE MICHIGAN COMPILED LAWS.

6 Section 2. This amendatory act shall not take effect unless  
7 Senate Bill No. \_\_\_\_\_ or House Bill No. 5525 (request  
8 no. 06483'95) of the 88th Legislature is enacted into law and  
9 becomes effective under the provisions of enacting section 4 of  
10 that amendatory act.