

HOUSE BILL No. 6265

November 5, 1998, Introduced by Rep. Varga and referred to the Committee on Regulatory Affairs.

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
by amending sections 171 and 19 (MCL 38.171 and 38.19), section
171 as amended by 1996 PA 521 and section 19 as amended by 1998
PA 205.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 171. (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 shall contribute within 10 years after the
7 effective date of the transfer an amount equal to the product of
8 the following:

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

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

6 (c) The actuarial cost percentage determined under section
7 1a for the year in which the effective date of the transfer
8 occurred.

9 (2) In order to qualify for a retirement allowance under
10 this act, an employee of the Michigan biologic products institute
11 who has 5 or more but less than 10 years of credited service as
12 of the effective date of the conveyance of the Michigan biologic
13 products institute under the Michigan biologic products institute
14 transfer act may purchase additional service credit under this
15 subsection. A member who elects within 1 year after the effec-
16 tive date of the conveyance to purchase additional service credit
17 under this subsection shall contribute within 11 years after the
18 effective date of the conveyance an amount equal to the product
19 of the following:

20 (a) Ten less the number of years and fraction of a year of
21 that employee's credit service.

22 (b) The employee's full-time or equated full-time fiscal
23 year compensation for the last fiscal year before the effective
24 date of the conveyance.

25 (c) The actuarial cost percentage determined under
26 section 1a(2) for the year which is 1 year after the year in
27 which the effective date of the conveyance occurred.

1 (3) Subsection (2) applies only to members who were
2 employees of the Michigan biologic products institute as of the
3 effective date of the conveyance and who maintain employment with
4 the transferee for not less than 1 year unless the employee is
5 laid off by the new employer for reasons other than good cause.

6 (4) An employee of the liquor control commission created by
7 ~~section 5 of the Michigan liquor control act, Act No. 8 of the~~
8 ~~Public Acts of the Extra Session of 1933, being section 436.5 of~~
9 ~~the Michigan Compiled Laws~~ 209 OF THE MICHIGAN LIQUOR CONTROL
10 CODE OF 1998, 1998 PA 58, MCL 436.1209, whose employment is ter-
11 minated due to the privatization of the distribution of spirits
12 within this state pursuant to the resolution and order adopted by
13 the liquor control commission on February 7, 1996, a plan adopted
14 pursuant to statute or court order, or a plan adopted pursuant to
15 both statute and order of the liquor control commission and who
16 has 5 or more but less than 10 years of credited service on the
17 date the privatization is effectuated in order to qualify for a
18 retirement allowance under this act may purchase additional serv-
19 ice credit under this subsection. The cost of benefits paid
20 under this section shall be paid out of the revolving fund cre-
21 ated under ~~section 10 of Act No. 8 of the Public Acts of the~~
22 ~~Extra Session of 1933, being section 436.10 of the Michigan~~
23 ~~Compiled Laws~~ 221 OF THE MICHIGAN LIQUOR CONTROL CODE OF 1998,
24 1998 PA 58, MCL 436.1221. A member who elects within 1 year to
25 purchase additional service credit under this subsection shall
26 contribute within 6 years after the privatization 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 privatiza-
7 tion date.

8 (c) The actuarial cost for the year in which the privatiza-
9 tion date occurred.

10 (5) Not more than 5 years of additional service credit may
11 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). Except as
2 otherwise provided in this act, the retirement allowance of a
3 member who has less than 30 years of credited service shall be
4 reduced by an amount that is 0.5% of the retirement allowance
5 multiplied by the number of months the person's age at retirement
6 is under 60 years. The reduction of 1/2 of 1% for each month and
7 fraction of a month from the member's retirement allowance effec-
8 tive date to the date of the member's sixtieth birthday provided
9 for in this subsection does not apply to a member who retired
10 before July 1, 1974 and before attainment of age 60, with 30 or
11 more years of credited service. The retirement allowance of a
12 retirant or beneficiary of a retirant who retired before that
13 date shall be recalculated disregarding the reduction, and the
14 person receiving the retirement allowance is eligible to receive
15 an adjusted retirement allowance based on the recalculation
16 beginning October 1, 1987, but is not eligible to receive the
17 adjusted amount attributable to any month beginning before
18 October 1, 1987. The recalculated retirement allowance provided
19 by this subsection shall be paid by January 1, 1988. The retire-
20 ment allowance of a retirant who dies before January 1, 1988, and
21 who has not nominated a retirement allowance beneficiary pursuant
22 to section 31, shall not be recalculated pursuant to this
23 subsection.

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

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

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

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

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

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

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

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

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

1 (i) Southwest Michigan community living services.

2 (ii) Wayne community living services.

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

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

9 (ii) A psychiatric hospital that is directly operated by the
10 department formerly known as the department of mental health for
11 purposes of providing inpatient diagnostic and therapeutic serv-
12 ices to persons who are mentally ill.

13 (5) Notwithstanding any other provision of this section, a
14 member who is an employee of an agency of the department or a
15 department inpatient facility and is on layoff status because the
16 agency or inpatient facility has been designated by the state
17 officer formerly known as the director of mental health for clo-
18 sure on or after October 1, 1989, may retire as provided in sub-
19 section (7) or (8), as applicable, with a retirement allowance
20 computed according to section 20(1), without regard to the reduc-
21 tion in subsection (2), upon satisfaction of any 1 of the follow-
22 ing conditions:

23 (a) The member is 51 years of age or older and has 25 or
24 more years of credited service, the last 5 of which are as an
25 employee of an agency of the department designated for closure or
26 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 is desig-
10 nated for closure on or after October 1, 1989, the state officer
11 formerly known as the director of mental health shall certify in
12 writing to the state legislature and the retirement board, not
13 less than 240 days before the designated official date of clo-
14 sure, which facility or agency is to be closed and the designated
15 official date of 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
12 formerly known as the department of mental health for this
13 purpose.

14 (10) A member who is an employee of the state accident fund
15 on the date of transfer to a permitted transferee as that term is
16 defined by section 701a of the worker's disability compensation
17 act of 1969, 1969 PA 317, MCL 418.701a, 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 subsec-
26 tion (2).

1 (11) A member who is an employee of the Michigan biologic
2 products institute on the date the institute is conveyed pursuant
3 to the Michigan biologic products institute transfer act, 1996 PA
4 522, MCL 333.26331 to 333.26340, may retire if the member's age
5 and his or her length of service is equal to or greater than 70
6 years on the date of the conveyance. The member may retire upon
7 written application to the retirement board, stating a date, not
8 less than 30 or more than 90 days after the execution and filing
9 of the application, on which he or she desires to retire.
10 Beginning on the retirement allowance effective date, he or she
11 shall receive a retirement allowance computed according to
12 section 20(1) without regard to the reduction required by
13 subsection (2).

14 (12) A member who is an employee of the liquor control com-
15 mission created by section ~~5 of the Michigan liquor control~~
16 ~~act, 1933 (Ex Sess) PA 8, MCL 436.5~~ 209 OF THE MICHIGAN LIQUOR
17 CONTROL CODE OF 1998, 1998 PA 58, MCL 436.1209, whose employment
18 is terminated due to the privatization of the distribution of
19 spirits within this state is effectuated pursuant to the resolu-
20 tion and order adopted by the liquor control commission on
21 February 7, 1996, a plan adopted pursuant to statute or court
22 order, or a plan adopted pursuant to both statute and order of
23 the liquor control commission may retire if the member's age and
24 his or her length of service is equal to or greater than 70 years
25 on the date the privatization is effectuated. The member may
26 retire under this subsection upon written application to the
27 retirement board, stating a date, not less than 30 or more than

1 90 days after the execution and filing of the application, on
2 which he or she desires to retire. Beginning on the retirement
3 allowance effective date, he or she shall receive a retirement
4 allowance computed according to section 20(1), without regard to
5 the reduction required by subsection (2). The cost of benefits
6 paid under this section shall be paid out of the revolving fund
7 created under section ~~10 of the Michigan liquor control act,~~
8 ~~1933 (Ex Sess) PA 8, MCL 436.10~~ 221 OF THE MICHIGAN LIQUOR CON-
9 TROL CODE OF 1998, 1998 PA 58, MCL 436.1221.