



HOUSE BILL No. 5755

May 9, 2000, Introduced by Reps. DeHart, Hale, Wojno, Scott, Shackleton, Bovin, Neumann, Schauer, Rivet, Gielegem and Ehardt and referred to the Committee on Senior Health, Security and Retirement.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 19. (1) A member who is 60 years of age or older and
2 has 10 or more years of credited service, ~~or~~ a member who is 60
3 years of age or older and has 5 or more years of credited service
4 as provided in section 20(4) or (5), OR A MEMBER WHO IS 50 YEARS
5 OF AGE OR OLDER AND WHOSE COMBINED AGE AND AMOUNT OF CREDITED
6 SERVICE IS EQUAL TO OR GREATER THAN 80 YEARS 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

1 section 20(1), WITHOUT REGARD TO THE REDUCTION IN SUBSECTION
2 (2).

3 (2) A member who is 55 years of age or older, but less than
4 60 years of age, and has 15 or more years of credited service,
5 may retire upon written application to the retirement board stat-
6 ing a date, not less than 30 or more than 90 days after the exe-
7 cution and filing of the application, on which he or she desires
8 to retire. Upon retirement he or she shall receive a retirement
9 allowance computed according to section 20(1). Except as other-
10 wise provided in this act, the retirement allowance of a member
11 who has less than 30 years of credited service shall be reduced
12 by an amount that is 0.5% of the retirement allowance multiplied
13 by the number of months the person's age at retirement is under
14 60 years. The reduction of 1/2 of 1% for each month and fraction
15 of a month from the member's retirement allowance effective date
16 to the date of the member's sixtieth birthday provided for in
17 this subsection does not apply to a member who retired before
18 July 1, 1974 and before attainment of age 60, with 30 or more
19 years of credited service. The retirement allowance of a retir-
20 ant or beneficiary of a retirant who retired before that date
21 shall be recalculated disregarding the reduction, and the person
22 receiving the retirement allowance is eligible to receive an
23 adjusted retirement allowance based on the recalculation begin-
24 ning October 1, 1987, but is not eligible to receive the adjusted
25 amount attributable to any month beginning before October 1,
26 1987. The recalculated retirement allowance provided by this
27 subsection shall be paid by January 1, 1988. The retirement

1 allowance of a retirant who dies before January 1, 1988, and who
2 has not nominated a retirement allowance beneficiary pursuant to
3 section 31, shall not be recalculated pursuant to this
4 subsection.

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

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

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

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

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

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

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

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

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

8 (i) Southwest Michigan community living services.

9 (ii) Wayne community living services.

10 (b) "Department inpatient facility" means 1 of the
11 following:

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

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

20 (5) Notwithstanding any other provision of this section, a
21 member who is an employee of an agency of the department or a
22 department inpatient facility and is on layoff status because the
23 agency or inpatient facility has been designated by the state
24 officer formerly known as the director of mental health for clo-
25 sure on or after October 1, 1989, may retire as provided in sub-
26 section (7) or (8), as applicable, with a retirement allowance
27 computed according to section 20(1), without regard to the

1 reduction in subsection (2), upon satisfaction of any 1 of the
2 following conditions:

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

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

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

15 (6) When a department inpatient facility or agency is desig-
16 nated for closure on or after October 1, 1989, the state officer
17 formerly known as the director of mental health shall certify in
18 writing to the state legislature and the retirement board, not
19 less than 240 days before the designated official date of clo-
20 sure, which facility or agency is to be closed and the designated
21 official date of closure.

22 (7) Except as provided in subsection (8), a member who is
23 eligible to receive a retirement allowance under subsection (5)
24 may retire effective on the date that an agency of the department
25 or a department inpatient facility designated for closure as pro-
26 vided in subsection (5) actually closes, upon written application
27 to the retirement board not less than 30 or more than 180 days

1 before the designated official date of closure. Beginning on the
2 retirement allowance effective date, he or she shall receive a
3 retirement allowance computed according to section 20(1).

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

15 (9) Any additional accrued actuarial cost and costs for
16 health insurance resulting from the implementation of subsection
17 (5) shall be funded from appropriations to the department
18 formerly known as the department of mental health for this
19 purpose.

20 (10) A member who is an employee of the state accident fund
21 on the date of transfer to a permitted transferee as that term is
22 defined by section 701a of the worker's disability compensation
23 act of 1969, 1969 PA 317, MCL 418.701a, may retire if the
24 member's age and his or her length of service is equal to or
25 greater than 70 years on the date of transfer. The member may
26 retire upon written application to the retirement board, stating
27 a date, not less than 30 or more than 90 days after the execution

1 and filing of the application, on which he or she desires to
2 retire. Beginning on the retirement allowance effective date, he
3 or she shall receive a retirement allowance computed according to
4 section 20(1) without regard to the reduction required by subsec-
5 tion (2).

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

19 (12) A member who ~~is~~ WAS an employee of the liquor control
20 commission created by FORMER section 5 of the Michigan liquor
21 control act, 1933 (Ex Sess) PA 8, ~~MCL 436.5,~~ whose employment
22 is terminated due to the privatization of the distribution of
23 spirits within this state is effectuated pursuant to the resolu-
24 tion and order adopted by the liquor control commission on
25 February 7, 1996, a plan adopted pursuant to statute or court
26 order, or a plan adopted pursuant to both statute and order of
27 the liquor control commission may retire if the member's age and

1 his or her length of service is equal to or greater than 70 years
2 on the date the privatization is effectuated. The member may
3 retire under this subsection upon written application to the
4 retirement board, stating a date, not less than 30 or more than
5 90 days after the execution and filing of the application, on
6 which he or she desires to retire. Beginning on the retirement
7 allowance effective date, he or she shall receive a retirement
8 allowance computed according to section 20(1), without regard to
9 the reduction required by subsection (2). The cost of benefits
10 paid under this section shall be paid out of the revolving fund
11 created under section ~~10~~ 221 of the Michigan liquor control
12 ~~act, 1933 (Ex Sess) PA 8, MCL 436.10~~ CODE OF 1998, 1998 PA 58,
13 MCL 436.1221.