

**SUBSTITUTE FOR
HOUSE BILL NO. 4605**

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending sections 45, 46, and 47 (MCL 38.45, 38.46, and 38.47), section 45 as amended by 1988 PA 351 and section 46 as amended by 2002 PA 93, and by adding section 19i.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 19I. (1) NOTWITHSTANDING SECTION 19, A MEMBER MAY
2 RETIRE AND RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS
3 SECTION IF THE MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:
4 (A) ON OR BEFORE DECEMBER 31, 2002, OR ON THE EFFECTIVE DATE
5 OF HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER'S COM-
6 BINED AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER
7 THAN 70 YEARS.

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

2

1 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATURE, IS AN
2 EMPLOYEE OF THE OFFICE OF GOVERNOR, OR IS AN UNCLASSIFIED
3 EMPLOYEE WITHIN THE STATE CIVIL SERVICE.

4 (C) THE MEMBER WAS EMPLOYED BY THIS STATE OR THE LEGISLATURE
5 FOR THE 6-MONTH PERIOD ENDING ON THE EFFECTIVE DATE OF HIS OR HER
6 RETIREMENT. A MEMBER WHO IS ON LAYOFF STATUS FROM STATE EMPLOY-
7 MENT IS CONSIDERED TO HAVE MET THE EMPLOYMENT REQUIREMENT OF THIS
8 SUBDIVISION.

9 (D) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
10 THE RETIREMENT BOARD, ON OR AFTER DECEMBER 1, 2002, BUT NOT LATER
11 THAN DECEMBER 31, 2002, STATING A DATE ON OR AFTER DECEMBER 1,
12 2002, BUT NOT LATER THAN FEBRUARY 1, 2003, ON WHICH HE OR SHE
13 DESIRES TO RETIRE. A MEMBER MAY WITHDRAW A WRITTEN APPLICATION
14 ON OR BEFORE JANUARY 15, 2003. A WRITTEN APPLICATION SUBMITTED
15 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE JANUARY 15, 2003 IS
16 IRREVOCABLE.

17 (E) THE MEMBER IS NOT EMPLOYED IN A COVERED POSITION AS
18 DEFINED IN SECTION 45.

19 (F) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN
20 SECTION 48.

21 (2) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION
22 WOULD OTHERWISE BE ENTITLED TO RECEIVE IN A LUMP SUM AT RETIRE-
23 MENT ON ACCOUNT OF ACCUMULATED SICK LEAVE SHALL BE PAID IN 60
24 CONSECUTIVE EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER
25 FEBRUARY 1, 2003. PAYMENTS RECEIVED UNDER THIS SUBSECTION MAY
26 NOT BE USED TO PURCHASE SERVICE CREDIT UNDER THIS ACT. THESE
27 PAYMENTS FOR ACCUMULATED SICK LEAVE ARE TO BE PAID FROM FUNDS

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

3

1 APPROPRIATED TO THE APPOINTING AUTHORITY AND NOT FROM FUNDS OF
2 THE RETIREMENT SYSTEM. THESE PAYMENTS SHALL BE CONSIDERED TAX-
3 ABLE INCOME UNDER THE INCOME TAX ACT OF 1967, 1967 PA 281,
4 MCL 206.1 TO 206.532.

5 (3) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION,
6 A MEMBER WHO DID NOT MAKE AN ELECTION UNDER SECTION 50 TO TERMI-
7 NATE MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN
8 TIER 2 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S
9 NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTI-
10 PLIED BY 1-3/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT
11 FOR THE CALCULATION PROVIDED IN THIS SUBSECTION, THE MEMBER'S
12 RETIREMENT ALLOWANCE IS SUBJECT TO SECTION 20. THE MEMBER'S
13 RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO
14 SECTION 19(2).

15 (4) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION,
16 A FORMER MEMBER WHO MADE AN ELECTION UNDER SECTION 50 TO TERMI-
17 NATE MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN
18 TIER 2 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S
19 NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTI-
20 PLIED BY 1/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT
21 FOR THE CALCULATION PROVIDED IN THIS SUBSECTION, THE FORMER
22 MEMBER'S RETIREMENT ALLOWANCE IS SUBJECT TO SECTION 20. THE
23 FORMER MEMBER'S RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION
24 PURSUANT TO SECTION 19(2).

25 (5) FOR PURPOSES OF THIS SECTION, AN INDIVIDUAL WHO ELECTED
26 TO TERMINATE MEMBERSHIP UNDER SECTION 50 AND WHO, BUT FOR THAT
27 ELECTION, WOULD OTHERWISE BE ELIGIBLE FOR MEMBERSHIP IN TIER 1

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

4

1 UNDER SECTION 13, SHALL BE CONSIDERED A MEMBER OF TIER 1 FOR THE
2 LIMITED PURPOSE OF RECEIVING A RETIREMENT ALLOWANCE CALCULATED
3 UNDER THIS SECTION AND PAID BY THE RETIREMENT SYSTEM.

4 Sec. 45. As used in sections 45 to 47:

5 (a) ~~Except as provided in subparagraph (v), on and after~~
6 ~~January 1, 1989, "covered~~ "COVERED position" means any of the
7 following:

8 (i) ~~A~~ ON OR AFTER JANUARY 1, 1989, A position in the clas-
9 sified civil service with a classification of corrections offi-
10 cer; resident unit officer; corrections medical aide; corrections
11 shift supervisor; corrections security specialist; deputy prison
12 warden; or departmental administrator-prison warden.

13 (ii) ~~A~~ ON OR AFTER JANUARY 1, 1989, A position that is
14 assigned to a work station inside the security perimeter of a
15 state correctional facility designated as "medium", "close", or
16 "maximum".

17 (iii) ~~A~~ ON OR AFTER JANUARY 1, 1989, A position within a
18 state correctional facility that requires the employee to be in
19 direct contact with prisoners for more than 50% of the employee's
20 work time performing supervisory or disciplinary duties including
21 1 or more of the following:

22 (A) Supervising prisoners in the performance of tasks.

23 (B) Supervising prisoners for the purpose of enforcing the
24 facility's rules.

25 (C) Direct participation in the disciplinary process.

26 (iv) ~~A~~ ON OR AFTER JANUARY 1, 1989, A position with the
27 center for forensic psychiatry that is classified by civil

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

5

1 service as forensics security aide IIB, forensics security aide
2 IIIB, forensics security supervisor IVB, forensics security
3 supervisor VB, forensics security supervisor VIB, or forensics
4 supervisor VII.

5 (v) A position that was a covered position under this sec-
6 tion before January 1, 1989, that is excluded by subparagraphs
7 (i), (ii), (iii), and (iv), if and only as long as the person in
8 the position on January 1, 1989, continues in the position after
9 January 1, 1989.

10 (vi) A POSITION THAT WAS A COVERED POSITION UNDER THIS SEC-
11 TION WITH A CORRECTIONS CENTER BEFORE THE POSITION WAS TERMINATED
12 DUE TO THE CLOSING OF THE CORRECTIONS CENTER BETWEEN AUGUST 1,
13 1999 AND AUGUST 1, 2000, IF THE PERSON WHO WAS IN THE POSITION
14 BEFORE THE CORRECTIONS CENTER CLOSING IS TRANSFERRED TO A NONCOV-
15 ERED POSITION AND WHO EITHER CONTINUES IN A NONCOVERED POSITION
16 UNTIL RETIRING AS A SUPPLEMENTAL MEMBER UNDER SECTIONS 46 AND 47
17 OR WHO TRANSFERS TO A COVERED POSITION BUT WHOSE LAST 3 YEARS OF
18 CREDITED SERVICE ARE A COMBINATION OF COVERED AND UNCOVERED SERV-
19 ICE DUE TO THE TERMINATION OF THE COVERED POSITION BY THE CLOSING
20 OF A CORRECTIONS CENTER.

21 (b) "Supplemental member" means a member who is employed in
22 a covered position.

23 (c) "Covered service" means credited service acquired in a
24 covered position.

25 (d) "Supplemental final average compensation" means 1/3 of
26 the compensation paid a supplemental member during the period of
27 3 consecutive years of the member's covered service producing the

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

6

1 highest average and contained within the member's last 10 years
2 of credited service immediately preceding the date the member's
3 employment in a covered position last terminates.

4 (e) "State correctional facility" means a facility under the
5 jurisdiction of the department of corrections that has a designa-
6 tion of "maximum", "close", "medium", "minimum", "prison camp",
7 or "correction center".

8 Sec. 46. (1) A supplemental member may retire with a sup-
9 plemental early retirement allowance AS provided FOR in section
10 47 ~~upon satisfaction of each~~ IF THE SUPPLEMENTAL MEMBER MEETS
11 ALL of the following conditions:

12 (a) He or she is age 51 years or older but less than age 62
13 years.

14 (b) He or she has 25 or more years of covered service.

15 (c) His or her last 3 years of credited service are covered
16 service OR HE OR SHE WAS EMPLOYED IN A COVERED POSITION IN A COR-
17 RECTIONS CENTER AND HIS OR HER COVERED POSITION WAS TERMINATED
18 DUE TO THE CLOSING OF THE CORRECTIONS CENTER BETWEEN AUGUST 1,
19 1999 AND AUGUST 1, 2002, RESULTING IN THE EMPLOYEE'S TRANSFER TO
20 A NONCOVERED POSITION.

21 (d) He or she files a written request for retirement with
22 the retirement board stating the date that he or she wishes to be
23 retired.

24 (2) A supplemental member may be separated from employment
25 in a covered position the first day of the calendar month follow-
26 ing the month in which he or she attains age 56 years. A
27 supplemental member separated under this subsection may retire

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

7

1 with a supplemental early retirement allowance provided in
2 section 47 if he or she satisfies each of the following
3 conditions:

4 (a) He or she has not attained age 62 years.

5 (b) He or she has 10 or more years of covered service.

6 (c) His or her last 3 years of credited service are covered
7 service OR HE OR SHE WAS EMPLOYED IN A COVERED POSITION IN A COR-
8 RECTIONS CENTER AND HIS OR HER COVERED POSITION WAS TERMINATED
9 DUE TO THE CLOSING OF THE CORRECTIONS CENTER BETWEEN AUGUST 1,
10 1999 AND AUGUST 1, 2002, RESULTING IN THE EMPLOYEE'S TRANSFER TO
11 A NONCOVERED POSITION.

12 (d) He or she files a written request for retirement with
13 the retirement board stating the date that he or she wishes to be
14 retired.

15 (3) The state personnel director shall determine all ques-
16 tions on eligibility for supplemental early retirement benefits
17 within the meaning of sections 45 to 47.

18 Sec. 47. (1) Upon retirement as provided in section 46, a
19 supplemental member shall be paid a temporary straight life sup-
20 plemental early retirement allowance terminating upon ~~his~~
21 ~~attainment of~~ THE SUPPLEMENTAL MEMBER REACHING age 62 years or
22 his OR HER death, whichever occurs first. Prior to the effective
23 date of ~~his~~ retirement, ~~he~~ THE SUPPLEMENTAL MEMBER may
24 ~~elect~~ CHOOSE to be paid his OR HER retirement allowance under
25 an optional form of payment provided in section ~~31(a)~~
26 31(1)(A). For the purposes of this election, the provisions of

HB4605, As Passed House, December 5, 2002

House Bill No. 4605

8

1 section ~~31(a)~~ 31(1)(A) are modified to reflect the temporary
2 nature of a supplemental early retirement allowance.

3 (2) The amount of ~~his~~ THE SUPPLEMENTAL MEMBER'S temporary
4 straight life supplemental early retirement allowance ~~shall be~~
5 IS equal to the difference between (i) 2.0% of his OR HER supple-
6 mental final average compensation multiplied by his OR HER cov-
7 ered service plus 1.5% of ~~his~~ THE SUPPLEMENTAL MEMBER'S final
8 average compensation multiplied by the excess, if any, of his OR
9 HER credited service over his OR HER covered service; and (ii)
10 the amount of retirement allowance paid ~~pursuant to~~ UNDER sec-
11 tion 20.