

HOUSE BILL No. 5590

February 5, 2002, Introduced by Reps. Minore, Hale, Jacobs, Bogardus, Zelenko, Hansen, Pestka, Frank, Williams, Callahan, O'Neil, Reeves, Murphy, Waters, Gielegem, Lockwood, Bovin, Adamini, Rich Brown, Clark, Whitmer, Woodward, Bernero, Spade, Plakas, Dennis, Jamnick, Kolb, McConico, Garza, Schauer and Phillips and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 84 (MCL 38.1384), as amended by 1989 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 84. (1) Except as provided in subsection (2), upon the
2 member's retirement from service as provided in section 81, a
3 member shall receive a retirement allowance that equals the pro-
4 duct of the member's total years, and fraction of a year, of
5 credited service multiplied by 1.5% of the member's final average
6 compensation THROUGH MARCH 31, 2003 AND 1.75% OF THE MEMBER'S
7 FINAL AVERAGE COMPENSATION BEGINNING ON AND AFTER APRIL 1, 2003.
8 A member shall not be allowed to use more than 15 years of out of
9 system public education service, or more out of system public
10 education service than service performed under this act or former
11 ~~Act No. 136 of the Public Acts of 1945~~ 1945 PA 136 unless,

1 before July 1, 1974, the member applied for out of system public
2 education service credit based upon payment of contributions for
3 the service as required under section 69, or former acts in which
4 case the total out of system public education service credited,
5 not to exceed 15 years, shall be used to compute the member's
6 retirement allowance if the minimum service requirements per-
7 formed under this act or former acts or as a state employee under
8 the state employees' retirement act, ~~Act No. 240 of the Public~~
9 ~~Acts of 1943, as amended,~~ 1943 PA 240, MCL 38.1 TO 38.69 are
10 met. Credit for state of Michigan service shall be on the same
11 basis for eligibility for retirement provided in this act as if
12 the service were performed under this act, former ~~Act No. 136 of~~
13 ~~the Public Acts of 1945~~ 1945 PA 136, former ~~Act No. 56 of the~~
14 ~~Public Acts of 1941~~ 1941 PA 56, or former ~~Act No. 184 of the~~
15 ~~Public Acts of 1937~~ 1937 PA 184.

16 (2) If a member having less than 30 years credited service
17 retires before the member's sixtieth birthday as provided in sec-
18 tion 81, the member's retirement allowance provided in
19 subsection (1) shall be reduced 1/2 of 1% for each month, and
20 fraction of a month, within the period from the effective date of
21 the member's retirement to the date of the member's sixtieth
22 birthday, and shall continue at that same percentage after becom-
23 ing 60 years of age.

24 (3) The reduction of 1/2 of 1% for each month and fraction
25 of a month from the member's retirement allowance effective date
26 to the date of the member's sixtieth birthday provided for in
27 former ~~Act No. 136 of the Public Acts of 1945~~ 1945 PA 136,

1 applicable to a member who retired before July 1, 1974 and before
2 attainment of age 60, shall not apply to a member who retired
3 before that date, at age 55 or more, having 30 or more years of
4 credited service. The retirement allowance shall be recalculated
5 disregarding the reduction and the person receiving the retire-
6 ment allowance shall be eligible to receive an adjusted retire-
7 ment allowance based on the recalculation beginning January 1,
8 1986, but shall not be eligible to receive the adjusted amount
9 attributable to any month beginning before January 1, 1986.

10 (4) The reduction provided for in subsection (2) shall not
11 apply to a member who retires under either section 86 or 87, or
12 to a retirement allowance beneficiary who is granted an allowance
13 under section 43c(c), 89, or 90.

14 (5) The retirement allowance of a person who satisfies the
15 requirements of this subsection shall be recalculated based on
16 1.5% of final average compensation times years of credited serv-
17 ice THROUGH MARCH 31, 2003 AND 1.75% OF THE MEMBER'S FINAL AVER-
18 AGE COMPENSATION BEGINNING ON AND AFTER APRIL 1, 2003. The
19 person receiving the retirement allowance shall be eligible to
20 receive an adjusted retirement allowance based on the recalcula-
21 tion beginning January 1, 1986, but shall not be eligible to
22 receive the adjusted amount attributable to any month beginning
23 before January 1, 1986. A retirement allowance shall be recalcu-
24 lated under this subsection if 1 of the following applies:

25 (a) The retirement allowance was payable to a retirant or
26 retirement allowance beneficiary under chapter II of former ~~Act~~
27 ~~No. 136 of the Public Acts of 1945~~ 1945 PA 136 and the

1 retirement allowance effective date was on or after July 1, 1956
2 but before July 1, 1974.

3 (b) The retirement allowance was payable to a plan II retir-
4 ant or retirement allowance beneficiary under chapter I of former
5 ~~Act No. 136 of the Public Acts of 1945~~ 1945 PA 136 and the
6 retirement allowance effective date was before July 1, 1974.

7 (6) A member retiring pursuant to section 81 who acquires at
8 least 5 years of combined credited service under this act or
9 under former ~~Act No. 136 of the Public Acts of 1945~~ 1945
10 PA 136, and who is already in receipt of a retirement allowance
11 under chapter II of former ~~Act No. 136 of the Public Acts of~~
12 ~~1945~~ 1945 PA 136, may elect to return to the retirement system
13 any retirement allowance payments received, and receive a single
14 retirement allowance computed on the combined years of service
15 credited under this act and any former act.