

# HOUSE BILL No. 6201

June 13, 2002, Introduced by Rep. Ehardt and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1957 PA 261, entitled  
"Michigan legislative retirement system act,"  
by amending section 23 (MCL 38.1023) as amended by 2002 PA 97.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 23. (1) A member or deferred vested member who meets  
2 the following requirements shall be entitled to a retirement  
3 allowance:

4       (a) The member or deferred vested member qualifies under 1  
5 of the following:

6       (i) Has not less than 8 years of service.

7       (ii) Has not less than 6 years of service, and has been  
8 elected, qualified, and seated not less than 4 times for full or  
9 partial terms if a member of the house or not less than 2 times  
10 if a member of the senate elected after November 7, 1966, or has  
11 not less than 6 years of service and has been elected, qualified,

1 and seated not less than 2 times for full or partial terms as a  
2 member of the house and not less than 1 time as a member of the  
3 senate elected after November 7, 1966.

4 (iii) Effective January 1, 1987, has not less than 5 years  
5 of service and has been elected, qualified, and seated for a full  
6 or partial term not less than 3 times if a member of the house or  
7 not less than 2 times if a member of the senate, or not less than  
8 1 time as a member of the house and not less than 1 time as a  
9 member of the senate.

10 (b) The member or deferred vested member has attained 55  
11 years of age.

12 (c) The member or deferred vested member has filed with the  
13 board a written application for a retirement allowance that  
14 states the years of service, the highest salary received during  
15 the member's or deferred vested member's service before applica-  
16 tion, and the date the member or deferred vested member desires  
17 to be retired, which date shall be not more than 90 days after  
18 the execution and filing of the application.

19 (2) A member shall not be entitled to receive a retirement  
20 allowance provided for in this section or section 23d while serv-  
21 ing as a legislator or lieutenant governor. Each person receiv-  
22 ing benefits under this act consents and agrees as a condition of  
23 receiving the benefits that benefits of any nature shall not be  
24 paid while the person is a legislator or lieutenant governor.

25 (3) A deferred vested member who left service after  
26 December 31, 1974, and before January 1, 1979, and who becomes a  
27 retirant shall be entitled to an annual retirement allowance of

1 30% of the salary stated in the application for the first 8 years  
2 of service plus 3.75% for each of the next 8 years of service. A  
3 fraction of a year of service in excess of 8 years shall be  
4 prorated. If the retirant has less than 8 years of service but  
5 qualifies by the election method, the retirement allowance shall  
6 be that proportion of 30% that his or her years of service and  
7 fraction of a year of service bears to 8 years. Years of service  
8 listed in the application need not be consecutive but shall have  
9 been rendered before payment of the retirement allowance. Except  
10 as provided in section 23c, a retirement allowance shall not  
11 exceed 60% of the salary stated in the application.

12 (4) A member who retired after December 31, 1978 and before  
13 January 1, 1987, or a deferred vested member who left service  
14 after December 31, 1978 and before January 1, 1987, and becomes a  
15 retirant, shall be entitled to an annual retirement allowance of  
16 32% of the salary stated in his or her application for the first  
17 8 years of service plus 4% for each of the next 8 years of  
18 service. A fraction of a year of service in excess of 8 years  
19 shall be prorated. If the member or deferred vested member has  
20 less than 8 years of service but qualifies by the election  
21 method, the retirement allowance shall be that proportion of 32%  
22 that his or her years of service and fraction of a year of serv-  
23 ice bears to 8 years. Years of service listed in the application  
24 need not be consecutive, but shall have been rendered before pay-  
25 ment of the retirement allowance. Except as provided in section  
26 23c, a retirement allowance shall not exceed 64% of the salary  
27 stated in the application.

1           (5) A member who first becomes a member on or before  
2 January 1, 1995 and who retires after December 31, 1986, or a  
3 deferred vested member who first becomes a member on or before  
4 January 1, 1995, who leaves service after December 31, 1986, and  
5 who becomes a retirant, shall be entitled to an annual retirement  
6 allowance of 20% of the salary stated in his or her application  
7 for the first 5 years of service plus 4% for each of the next 11  
8 years of service. A fraction of a year of service in excess of 5  
9 years shall be prorated. Years of service listed in the applica-  
10 tion need not be consecutive, but shall have been rendered before  
11 payment of the retirement allowance. Except as provided in this  
12 subsection and section 23c, a retirement allowance shall not  
13 exceed 64% of the salary stated in the application. Effective  
14 January 1, 1987, however, a member who first becomes a member on  
15 or before January 1, 1995 and who has 16 or more years of service  
16 shall also be entitled to a longevity allowance of 1.0% of the  
17 member's salary for each year of service beyond 16 years but,  
18 except as otherwise provided in this subsection, not to exceed 20  
19 years. Except as provided in this subsection and section 23c,  
20 the retirement allowance of a member entitled to a longevity  
21 allowance under this subsection shall not exceed 68% of the  
22 salary stated in the application. Beginning January 1, 1989, a  
23 member who first becomes a member on or before January 1, 1995,  
24 who has 20 or more years of service, and who meets the age and  
25 service requirements or service requirements to be eligible to  
26 receive a retirement allowance under this act shall be entitled

1 to a longevity allowance of 1.0% of the member's salary for each  
2 year of service beyond 20 years.

3 (6) A member who first becomes a member on or after  
4 January 2, 1995 and who becomes a retirant under this act is  
5 entitled to an annual retirement allowance equal to the product  
6 of the following:

7 (a) The salary stated in his or her application.

8 (b) Years and fraction of a year of service.

9 (c) Three percent.

10 (7) A retirant who elects to purchase military service  
11 credit pursuant to section 11(2) shall have his or her retirement  
12 allowance recalculated to include the military service credit  
13 purchased pursuant to that section. The first payment of the  
14 recalculated retirement allowance shall be made effective with  
15 the first check after the recalculation is made.

16 (8) The retirement allowance of a retirant who, on  
17 January 1, 1987, satisfied the conditions required by  
18 section 9(3) shall have his or her retirement allowance recalcu-  
19 lated to reflect the increase in salary for those years permitted  
20 by section 9(3) before the member became a retirant.

21 (9) Within 30 days after becoming 55 years of age, a  
22 deferred vested member may elect to defer receipt of the retire-  
23 ment allowance to which the member is entitled under this act to  
24 a date certain, not to exceed 70-1/2 years of age. Except as  
25 otherwise provided in this subsection, at the date the member  
26 designates to begin receipt of his or her retirement allowance,  
27 the member's retirement allowance shall be actuarially recomputed

1 to reflect the member's age and life expectancy at initial  
2 receipt of the deferred retirement allowance. Upon request of  
3 the deferred vested member who elects to begin receiving his or  
4 her retirement allowance, the retirement board may pay to the  
5 member a lump sum payment of an amount equal to the sum of the  
6 retirement allowance that was deferred pursuant to this  
7 subsection. The retirement board shall not actuarially recompute  
8 the member's retirement allowance upon payment of a lump sum  
9 under this subsection. If a deferred vested member has elected  
10 to defer receipt of his or her retirement allowance under  
11 ~~section 23(9)(a)~~ THIS SUBSECTION and subsequently dies before  
12 retirement, 100% of his or her deferred benefit shall be paid in  
13 accordance with a beneficiary designation that the member shall  
14 have filed with the board.

15 (10) Notwithstanding subsection (1), a member or deferred  
16 vested member may retire with a retirement allowance computed  
17 according to the applicable provisions of this section if ~~all~~  
18 BOTH of the following apply:

19 (a) The member or deferred vested member files a written  
20 application with the retirement board stating a date, not less  
21 than 30 nor more than 90 days after the execution and filing of  
22 the application, on which the member or deferred vested member  
23 desires to retire.

24 (b) On the last day of the month immediately preceding the  
25 retirement allowance effective date stated in the application,  
26 the member's or deferred vested member's combined age and length

1 of credited service is equal to or greater than 70 years and the  
2 member or deferred vested member is 50 years of age or older.

3 (11) A member who retires before January 1, 1987 or a  
4 deferred vested member who leaves service before January 1, 1987  
5 and becomes a retirant shall, in addition to the retirement  
6 allowance calculated under subsection (3) or (4), be entitled to  
7 a longevity allowance if the retirant or deferred vested member  
8 has more than 16 years of service. The longevity allowance is  
9 1.0% of the former member's salary stated in the application for  
10 each year of service beyond 16 years but, except as otherwise  
11 provided in this subsection, not to exceed 20. A member who  
12 retires before January 1, 1987 or a deferred vested member who  
13 leaves service before January 1, 1987 and becomes a retirant  
14 shall, in addition to the retirement allowance calculated under  
15 subsection (3) or (4), be entitled to a longevity allowance of  
16 1.0% of the former member's salary stated in the application for  
17 each year of service beyond 20 years that was served after the  
18 member met the age and service requirements or service require-  
19 ments to be eligible to receive a retirement allowance under this  
20 act. The retirement allowance of a retirant who satisfies the  
21 conditions under this subsection shall have his or her retirement  
22 allowance recalculated to reflect the longevity allowance for  
23 those years permitted by this subsection effective January 1,  
24 1987 or the date of retirement, whichever is later. The applica-  
25 tion of the longevity allowance to the retirant's retirement  
26 allowance under this subsection shall be applied before the  
27 provisions of section 23c are applied to that retirement

1 allowance. Except as provided in this subsection and section  
2 23c, a retirement allowance shall not exceed 68% of the salary  
3 stated in the application.