

# SENATE BILL No. 939

February 3, 2004, Introduced by Senator JACOBS and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
by amending section 19i (MCL 38.19i), as added by 2002 PA 743.

## 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  
6 combined age and length of credited service is equal to or  
7 greater than 75 years, or, if the member has at least 20 years of  
8 service credit, the member's combined age and length of credited  
9 service is equal to or greater than 65 years.

10       (b) The member is an employee of the legislature, is an  
11 employee of the office of governor, is an employee of the

1 judicial system, or is an unclassified employee within the state  
2 civil service.

3 (c) The member was employed by this state or the legislature  
4 for the 30-month period ending on December 1, 2002. A member who  
5 is on layoff status from state employment is considered to have  
6 met the employment requirement of this subdivision.

7 (d) ~~The~~ **Except as otherwise provided in this section, the**  
8 member executes and files a written application with the  
9 retirement board, on or after December 1, 2002, but not later  
10 than December 31, 2002, stating a date on or after January 1,  
11 2003, but not later than February 1, 2003, on which he or she  
12 desires to retire. A member may withdraw a written application  
13 on or before January 15, 2003. A written application submitted  
14 by a member and not withdrawn on or before January 15, 2003 is  
15 irrevocable.

16 (e) The member is not employed in a covered position as  
17 defined in section 45.

18 (f) The member is not a conservation officer as described in  
19 section 48.

20 (2) If a member meets all of the requirements of subsection  
21 (1) except the requirement in subsection (1)(c), the member may  
22 retire and receive a retirement allowance equal to the member's  
23 number of years and fraction of a year of credited service  
24 multiplied by 1-1/2% of his or her final average compensation.  
25 Except for the calculation provided in this subsection, the  
26 member's retirement allowance is subject to section 20. The  
27 member's retirement allowance is not subject to reduction

1 pursuant to section 19(2).

2       (3) Any amount that a member retiring under this section  
3 would otherwise be entitled to receive in a lump sum at  
4 retirement on account of accumulated sick leave shall be paid in  
5 60 consecutive equal monthly installments beginning on or after  
6 February 1, 2003. Payments received under this subsection may  
7 not be used to purchase service credit under this act. These  
8 payments for accumulated sick leave are to be paid from funds  
9 appropriated to the appointing authority and not from funds of  
10 the retirement system. These payments shall be considered  
11 taxable income under the income tax act of 1967, 1967 PA 281,  
12 MCL 206.1 to 206.532.

13       (4) Upon his or her retirement as provided in this section, a  
14 member who did not make an election under section 50 to terminate  
15 membership in Tier 1 and become a qualified participant in Tier 2  
16 shall receive a retirement allowance equal to the member's number  
17 of years and fraction of a year of credited service multiplied by  
18 1-3/4% of his or her final average compensation. Except for the  
19 calculation provided in this subsection, the member's retirement  
20 allowance is subject to section 20. The member's retirement  
21 allowance is not subject to reduction pursuant to section 19(2).

22       (5) Upon his or her retirement as provided in this section, a  
23 former member who made an election under section 50 to terminate  
24 membership in Tier 1 and become a qualified participant in Tier 2  
25 shall receive a retirement allowance equal to the member's number  
26 of years and fraction of a year of credited service multiplied by  
27 1/4% of his or her final average compensation. Except for the

1 calculation provided in this subsection, the former member's  
2 retirement allowance is subject to section 20. The former  
3 member's retirement allowance is not subject to reduction  
4 pursuant to section 19(2).

5 (6) For purposes of this section, an individual who elected  
6 to terminate membership under section 50 and who, but for that  
7 election, would otherwise be eligible for membership in Tier 1  
8 under section 13, shall be considered a member of Tier 1 for the  
9 limited purpose of receiving a retirement allowance calculated  
10 under this section and paid by the retirement system.

11 (7) An employee who retires under this section shall not be  
12 hired under contract by the state for a period of 2 years after  
13 the date of separation.

14 (8) A member who is an employee of the thirty-sixth district  
15 court or the third circuit court who has not executed and filed a  
16 written application with the retirement board by December 31,  
17 2002 shall have until 30 days after the effective date of the  
18 amendatory act that added this subsection to execute and file a  
19 written application with the retirement board. A member who  
20 retires under this subsection shall state a date, not later than  
21 60 days after the effective date of the amendatory act that added  
22 this subsection, on which he or she desires to retire. A member  
23 who files a written application under this subsection may  
24 withdraw the application no later than 15 days after the  
25 effective date of the amendatory act that added this subsection.  
26 A written application that is not withdrawn by that date is  
27 irrevocable.