Legislative Analysis

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"80 AND OUT" FOR CERTAIN COURT EMPLOYEES

House Bill 6379
Sponsor: Rep. Fred Miller
Committee: Labor

Complete to 9-25-08

A REVISED SUMMARY OF HOUSE BILL 6379 AS INTRODUCED 8-13-08

The bill would amend the State Employees Retirement Act to provide an "80 and out" retirement option for certain employees.

The bill would apply to a member of the retirement system who met all of the following requirements:

** Had a combined age and length of credited service of at least 80 years as of December 31, 2008.

** Is an individual employed by the Wayne County Judicial Council, the Detroit Judicial Council, or by the City of Detroit or Wayne County performing judicial duties in the Circuit Court of the 3rd Judicial Circuit, in the Recorder's Court of the City of Detroit, or in the 36th District Court.

** Was employed by the state for the six-month period ending on the effective date of retirement (including on layoff status).

** Executed and filed a written application with the retirement board between August 1, 2009 and October 31, 2009 stating a retirement date; the retirement date would have to be between November 1, 2009 and December 31, 2009. An application could be withdrawn on or before December 15, 2009; otherwise it would be irrevocable.

The bill would not apply to an employee eligible for a supplemental early retirement as a "covered employee" on or after November 1, 2008 and through the date of retirement. (Covered employees are, generally speaking, employees responsible for the custody and supervision of prisoners.) The bill also would not apply to a conservation officer.

For an employee in the Tier 1 defined benefit plan, the retirement allowance would be computed based on the member's number of years of credited service multiplied by 1.75 percent of his or her final average compensation. The retirement allowance would not be subject to the reduction based on age that usually applies to employees who take an early retirement.

For an employee who had elected to leave Tier 1 and join the Tier 2 defined contribution plan, the retirement allowance would be computed by multiplying the years of credited service by one-quarter percent of his or her final average compensation. (A Tier 2 member would be considered a Tier 1 member for the limited purpose of receiving a retirement allowance from the state retirement system under this provision.) The retirement allowance would not be subject to the reduction based on age that usually applies to employees who take an early retirement.

Any amounts paid to an employee retiring under this bill as a lump sum on account of accumulated sick leave or accumulated annual leave would be paid in 60 consecutive equal monthly installments beginning on or after November 1, 2009. These payments would be made by the appointing authority, not the retirement system, and would not be considered pensions, annuities, retirement allowances, optional benefits, or similar payments. They would not be exempt from taxation and would be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other processes of law, and would be assignable as provided in law.

MCL 38.19k

FISCAL IMPACT:

The bill would have an indeterminate, but potentially significant, impact on the retirement system. Further information will be available when an actuarial study has been completed.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.