

SUBSTITUTE FOR
SENATE BILL NO. 689

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
(MCL 38.1 to 38.69) by adding section 19k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 19K. (1) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE
2 AND RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF
3 THE MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

4 (A) ON OR BEFORE DECEMBER 31, 2007, 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 GREATER
7 THAN 75 YEARS.

8 (B) THE MEMBER IS WITHIN THE CLASSIFIED STATE CIVIL SERVICE,
9 IS AN EMPLOYEE OF THE JUDICIAL BRANCH, OR IS AN INDIVIDUAL NOT
10 DESCRIBED IN SUBSECTION (2) (B).

1 (C) EXCEPT AS PROVIDED IN SECTION 13(8), THE MEMBER WAS
2 EMPLOYED BY THIS STATE FOR THE 6-MONTH PERIOD ENDING ON THE
3 EFFECTIVE DATE OF HIS OR HER RETIREMENT OR WAS AN EMPLOYEE OF THE
4 STATE JUDICIAL COUNCIL ON SEPTEMBER 30, 1996 AS DESCRIBED IN
5 SECTION 44A. A MEMBER WHO IS ON LAYOFF STATUS FROM STATE EMPLOYMENT
6 IS CONSIDERED TO HAVE MET THE EMPLOYMENT REQUIREMENT OF THIS
7 SUBDIVISION.

8 (D) EXCEPT AS MAY BE PROVIDED OTHERWISE IN SUBSECTION (5), THE
9 MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH THE RETIREMENT
10 BOARD, ON OR AFTER AUGUST 1, 2007, BUT NOT LATER THAN OCTOBER 31,
11 2007, STATING A DATE ON OR AFTER NOVEMBER 1, 2007, BUT NOT LATER
12 THAN DECEMBER 31, 2007, ON WHICH HE OR SHE DESIRES TO RETIRE. A
13 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE DECEMBER 15,
14 2007 OR 7 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER
15 SUBSECTION (5), WHICHEVER IS LATER. A WRITTEN APPLICATION SUBMITTED
16 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE DECEMBER 15, 2007 OR 7
17 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER SUBSECTION
18 (5), WHICHEVER IS LATER, IS IRREVOCABLE.

19 (E) THE MEMBER IS NOT EMPLOYED IN A COVERED POSITION DEFINED
20 IN SECTION 45.

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

23 (2) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE AND
24 RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF THE
25 MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

26 (A) ON OR BEFORE DECEMBER 31, 2007, OR ON THE EFFECTIVE DATE
27 OF HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER'S

1 COMBINED AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER
2 THAN 75 YEARS.

3 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATURE, IS AN
4 EMPLOYEE OF THE OFFICE OF GOVERNOR, OR IS AN UNCLASSIFIED EMPLOYEE
5 WITHIN THE EXECUTIVE BRANCH.

6 (C) EXCEPT AS PROVIDED IN SECTION 13(8), THE MEMBER WAS
7 EMPLOYED BY THIS STATE OR THE LEGISLATURE FOR THE 6-MONTH PERIOD
8 ENDING ON THE EFFECTIVE DATE OF HIS OR HER RETIREMENT. A MEMBER WHO
9 IS ON LAYOFF STATUS FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET
10 THE EMPLOYMENT REQUIREMENT OF THIS SUBDIVISION.

11 (D) EXCEPT AS MAY BE PROVIDED OTHERWISE IN SUBSECTION (5), THE
12 MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH THE RETIREMENT
13 BOARD, ON OR AFTER AUGUST 1, 2007, BUT NOT LATER THAN OCTOBER 31,
14 2007, STATING A DATE ON OR AFTER NOVEMBER 1, 2007, BUT NOT LATER
15 THAN DECEMBER 31, 2007, ON WHICH HE OR SHE DESIRES TO RETIRE. A
16 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE DECEMBER 15,
17 2007 OR 7 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER
18 SUBSECTION (5), WHICHEVER IS LATER. A WRITTEN APPLICATION SUBMITTED
19 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE DECEMBER 15, 2007 OR 7
20 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER SUBSECTION
21 (5), WHICHEVER IS LATER, IS IRREVOCABLE.

22 (E) THE MEMBER IS NOT EMPLOYED IN A COVERED POSITION DEFINED
23 IN SECTION 45.

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

26 (3) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION WOULD
27 OTHERWISE BE ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON

1 ACCOUNT OF ACCUMULATED SICK LEAVE SHALL BE PAID IN 60 CONSECUTIVE
2 EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER NOVEMBER 1, 2007.
3 PAYMENTS RECEIVED UNDER THIS SUBSECTION SHALL NOT BE USED TO
4 PURCHASE SERVICE CREDIT UNDER THIS ACT. THESE PAYMENTS FOR
5 ACCUMULATED SICK LEAVE ARE TO BE PAID FROM FUNDS APPROPRIATED TO
6 THE APPOINTING AUTHORITY AND NOT FROM FUNDS OF THE RETIREMENT
7 SYSTEM. THESE PAYMENTS ARE NOT PENSIONS, ANNUITIES, RETIREMENT
8 ALLOWANCES, OPTIONAL BENEFITS, OR ANY OTHER RIGHTS DESCRIBED IN
9 SECTION 40(1), ARE NOT EXEMPT FROM TAXATION, ARE SUBJECT TO
10 EXECUTION, GARNISHMENT, ATTACHMENT, THE OPERATION OF BANKRUPTCY OR
11 INSOLVENCY LAWS, OR OTHER PROCESS OF LAW, AND MAY BE ASSIGNABLE AS
12 PROVIDED IN THIS ACT.

13 (4) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION IS
14 ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON ACCOUNT OF
15 ACCUMULATED ANNUAL LEAVE OR ANY OTHER ACCUMULATED LEAVE OTHERWISE
16 PAID IN A LUMP SUM AT RETIREMENT, IF APPLICABLE, SHALL BE PAID IN
17 60 CONSECUTIVE EQUAL MONTHLY INSTALLMENTS ON OR AFTER NOVEMBER 1,
18 2007. THESE PAYMENTS ARE NOT PENSIONS, ANNUITIES, RETIREMENT
19 ALLOWANCES, OPTIONAL BENEFITS, OR ANY OTHER RIGHTS DESCRIBED IN
20 SECTION 40(1), ARE NOT EXEMPT FROM TAXATION, ARE SUBJECT TO
21 EXECUTION, GARNISHMENT, ATTACHMENT, THE OPERATION OF BANKRUPTCY OR
22 INSOLVENCY LAWS, OR OTHER PROCESS OF LAW, AND MAY BE ASSIGNABLE AS
23 PROVIDED IN THIS ACT.

24 (5) THE DIRECTOR OF A PRINCIPAL DEPARTMENT MAY REQUEST THAT
25 THE EFFECTIVE DATE OF RETIREMENT UNDER SUBSECTION (1) OF A MEMBER
26 EMPLOYED BY THAT DEPARTMENT BE EXTENDED TO A DATE NOT LATER THAN
27 DECEMBER 31, 2010. TO MAKE A REQUEST UNDER THIS SUBSECTION, THE

1 DIRECTOR SHALL SUBMIT A WRITTEN REQUEST AND THE WRITTEN CONCURRENCE
2 OF THE MEMBER TO THE OFFICE OF THE STATE EMPLOYER AND THE STATE
3 BUDGET OFFICE ON OR BEFORE DECEMBER 31, 2007. UPON RECEIPT OF THE
4 WRITTEN REQUEST AND CONCURRENCE, THE OFFICE OF THE STATE EMPLOYER
5 AND THE STATE BUDGET OFFICE MAY EXTEND THE EFFECTIVE DATE OF
6 RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER
7 SUBSECTION (1) TO A DATE NOT LATER THAN DECEMBER 31, 2010. UPON
8 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS
9 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
10 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF
11 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE
12 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE
13 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE
14 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE
15 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF
16 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN
17 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON
18 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT
19 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT
20 LATER THAN DECEMBER 31, 2010. UPON WRITTEN APPROVAL OF THE CHIEF
21 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,
22 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,
23 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF
24 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (1) MAY BE EXTENDED TO
25 A DATE NOT LATER THAN DECEMBER 31, 2010. THE INDIVIDUAL OR
26 INDIVIDUALS WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF
27 RETIREMENT FOR A MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE,

1 SUPREME COURT, OR COURT OF APPEALS SHALL SUBMIT WRITTEN
2 NOTIFICATION TO THE OFFICE OF RETIREMENT SERVICES OF ALL EXTENSIONS
3 APPROVED ON OR BEFORE DECEMBER 31, 2007. A MEMBER WHO HAS ELECTED
4 TO EXTEND HIS OR HER EFFECTIVE DATE OF RETIREMENT UNDER THIS
5 SECTION SHALL NOT RECEIVE A RETIREMENT ALLOWANCE UNDER THIS SECTION
6 UNTIL ON OR AFTER THE EXTENDED EFFECTIVE DATE OF RETIREMENT. THE
7 RETIREMENT ALLOWANCE OF A MEMBER WHO HAS ELECTED TO EXTEND HIS OR
8 HER RETIREMENT UNDER THIS SECTION SHALL BE CALCULATED UNDER
9 SUBSECTION (6) WITHOUT TAKING INTO ACCOUNT THE ADDITIONAL YEARS OF
10 SERVICE OR FINAL AVERAGE COMPENSATION ACCRUING AS A RESULT OF THE
11 EXTENSION.

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

22 (7) 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 MEMBER'S
3 RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO
4 SECTION 19(2) .

5 (8) FOR PURPOSES OF THIS SECTION, AN INDIVIDUAL WHO ELECTED TO
6 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.