

# HOUSE BILL No. 4075

January 22, 2007, Introduced by Reps. Sheen, Meekhof, Calley, Stahl, Booher, Hansen, Hoogendyk, Rick Jones, Ward, Elsenheimer, Moolenaar, Miller and Opsommer and referred to the Committee on Government Operations.

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

1 DESCRIBED IN SUBSECTION (2) (B) .

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

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17 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE DECEMBER 15, 2007 OR 7  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

20 (E) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY  
21 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
22 SECTION 45 ON OR AFTER NOVEMBER 1, 2007 THROUGH THE EFFECTIVE DATE  
23 OF THE MEMBER'S RETIREMENT UNDER THIS SECTION.

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

26 (2) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE AND  
27 RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF THE

1 MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

2 (A) ON OR BEFORE DECEMBER 31, 2007, OR ON THE EFFECTIVE DATE  
3 OF HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER'S  
4 COMBINED AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER  
5 THAN 75 YEARS.

6 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATURE, IS AN  
7 EMPLOYEE OF THE OFFICE OF GOVERNOR, OR IS AN UNCLASSIFIED EMPLOYEE  
8 WITHIN THE EXECUTIVE BRANCH.

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

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

22 (E) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY  
23 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
24 SECTION 45 ON OR AFTER NOVEMBER 1, 2007 THROUGH THE EFFECTIVE DATE  
25 OF THE MEMBER'S RETIREMENT UNDER THIS SECTION.

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

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

15           (4) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION IS  
16 ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON ACCOUNT OF  
17 ACCUMULATED ANNUAL LEAVE SHALL BE PAID 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, 2009. 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, 2009. 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, 2009. 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, 2009. 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, 2008. 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.