

SENATE BILL No. 689

August 22, 2007, Introduced by Senators BISHOP, CROPSEY, JELINEK, CASSIS, PATTERSON, STAMAS, GILBERT, JANSEN, BIRKHOLZ, McMANUS, RICHARDVILLE, VAN WOERKOM, ALLEN, HARDIMAN, BROWN, KUIPERS and SANBORN and referred to the Committee on Appropriations.

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16 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE DECEMBER 15, 2007 OR 7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 ELIGIBLE FOR A SUPPLEMENTAL EARLY
20 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
21 SECTION 45 ON OR AFTER NOVEMBER 1, 2007 THROUGH THE EFFECTIVE DATE
22 OF THE MEMBER'S RETIREMENT UNDER THIS SECTION.

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

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

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

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

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

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21 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE DECEMBER 15, 2007 OR 7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

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

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

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

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

27 (5) THE DIRECTOR OF A PRINCIPAL DEPARTMENT MAY REQUEST THAT

1 THE EFFECTIVE DATE OF RETIREMENT UNDER SUBSECTION (1) OF A MEMBER
2 EMPLOYED BY THAT DEPARTMENT BE EXTENDED TO A DATE NOT LATER THAN
3 DECEMBER 31, 2009. TO MAKE A REQUEST UNDER THIS SUBSECTION, THE
4 DIRECTOR SHALL SUBMIT A WRITTEN REQUEST AND THE WRITTEN CONCURRENCE
5 OF THE MEMBER TO THE OFFICE OF THE STATE EMPLOYER AND THE STATE
6 BUDGET OFFICE ON OR BEFORE DECEMBER 31, 2007. UPON RECEIPT OF THE
7 WRITTEN REQUEST AND CONCURRENCE, THE OFFICE OF THE STATE EMPLOYER
8 AND THE STATE BUDGET OFFICE MAY EXTEND THE EFFECTIVE DATE OF
9 RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER
10 SUBSECTION (1) TO A DATE NOT LATER THAN DECEMBER 31, 2009. UPON
11 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS
12 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
13 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF
14 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE
15 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE
16 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE
17 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE
18 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF
19 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN
20 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON
21 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT
22 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT
23 LATER THAN DECEMBER 31, 2009. UPON WRITTEN APPROVAL OF THE CHIEF
24 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,
25 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,
26 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF
27 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (1) MAY BE EXTENDED TO

1 A DATE NOT LATER THAN DECEMBER 31, 2009. THE INDIVIDUAL OR
2 INDIVIDUALS WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF
3 RETIREMENT FOR A MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE,
4 SUPREME COURT, OR COURT OF APPEALS SHALL SUBMIT WRITTEN
5 NOTIFICATION TO THE OFFICE OF RETIREMENT SERVICES OF ALL EXTENSIONS
6 APPROVED ON OR BEFORE DECEMBER 31, 2007. A MEMBER WHO HAS ELECTED
7 TO EXTEND HIS OR HER EFFECTIVE DATE OF RETIREMENT UNDER THIS
8 SECTION SHALL NOT RECEIVE A RETIREMENT ALLOWANCE UNDER THIS SECTION
9 UNTIL ON OR AFTER THE EXTENDED EFFECTIVE DATE OF RETIREMENT. THE
10 RETIREMENT ALLOWANCE OF A MEMBER WHO HAS ELECTED TO EXTEND HIS OR
11 HER RETIREMENT UNDER THIS SECTION SHALL BE CALCULATED UNDER
12 SUBSECTION (6) WITHOUT TAKING INTO ACCOUNT THE ADDITIONAL YEARS OF
13 SERVICE OR FINAL AVERAGE COMPENSATION ACCRUING AS A RESULT OF THE
14 EXTENSION.

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

25 (7) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A
26 FORMER MEMBER WHO MADE AN ELECTION UNDER SECTION 50 TO TERMINATE
27 MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2

1 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER
2 OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY
3 1/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE
4 CALCULATION PROVIDED IN THIS SUBSECTION, THE FORMER MEMBER'S
5 RETIREMENT ALLOWANCE IS SUBJECT TO SECTION 20. THE FORMER MEMBER'S
6 RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO
7 SECTION 19(2).

8 (8) FOR PURPOSES OF THIS SECTION, AN INDIVIDUAL WHO ELECTED TO
9 TERMINATE MEMBERSHIP UNDER SECTION 50 AND WHO, BUT FOR THAT
10 ELECTION, WOULD OTHERWISE BE ELIGIBLE FOR MEMBERSHIP IN TIER 1
11 UNDER SECTION 13, SHALL BE CONSIDERED A MEMBER OF TIER 1 FOR THE
12 LIMITED PURPOSE OF RECEIVING A RETIREMENT ALLOWANCE CALCULATED
13 UNDER THIS SECTION AND PAID BY THE RETIREMENT SYSTEM.