

# SENATE BILL No. 1137

February 27, 2008, Introduced by Senators SCOTT, CLARKE, GARCIA and CHERRY and referred to the Committee on Appropriations.

A bill to amend 1943 PA 240, entitled  
"State employees' retirement act,"  
by amending sections 19 and 45 (MCL 38.19 and 38.45), section 19 as  
amended by 2002 PA 93 and section 45 as amended by 2002 PA 743.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 19. (1) A member who is 60 years of age or older and has  
2       10 or more years of credited service or a member who is 60 years of  
3       age or older and has 5 or more years of credited service as  
4       provided in section 20(4) or (5) may retire upon written  
5       application to the retirement board, stating a date on which he or  
6       she desires to retire. Beginning on the retirement allowance  
7       effective date, he or she shall receive a retirement allowance  
8       computed according to section 20(1).

9       (2) A member who is 55 years of age or older, but less than 60

1 years of age, and has 15 or more years of credited service, may  
2 retire upon written application to the retirement board stating a  
3 date on which he or she desires to retire. Upon retirement he or  
4 she shall receive a retirement allowance computed according to  
5 section 20(1). Except as otherwise provided in this act, the  
6 retirement allowance of a member who has less than 30 years of  
7 credited service shall be reduced by an amount that is 0.5% of the  
8 retirement allowance multiplied by the number of months the  
9 person's age at retirement is under 60 years. The reduction of 1/2  
10 of 1% for each month and fraction of a month from the member's  
11 retirement allowance effective date to the date of the member's  
12 sixtieth birthday provided for in this subsection does not apply to  
13 a member who retired before July 1, 1974 and before attainment of  
14 age 60, with 30 or more years of credited service. The retirement  
15 allowance of a retirant or beneficiary of a retirant who retired  
16 before that date shall be recalculated disregarding the reduction,  
17 and the person receiving the retirement allowance is eligible to  
18 receive an adjusted retirement allowance based on the recalculation  
19 beginning October 1, 1987, but is not eligible to receive the  
20 adjusted amount attributable to any month beginning before October  
21 1, 1987. The recalculated retirement allowance provided by this  
22 subsection shall be paid by January 1, 1988. The retirement  
23 allowance of a retirant who dies before January 1, 1988, and who  
24 has not nominated a retirement allowance beneficiary pursuant to  
25 section 31, shall not be recalculated pursuant to this subsection.

26 (3) Notwithstanding any other provision of this section,  
27 effective April 1, 1988, a member may retire with a retirement

1 allowance computed according to section 20(1), without regard to  
2 the reduction in subsection (2), if all of the following apply:

3 (a) The member files a written application with the retirement  
4 board stating a date, not less than 30 or more than 90 days after  
5 the execution and filing of the application, on which the member  
6 desires to retire, and which is within the early retirement  
7 effective period.

8 (b) The member was employed by the state for the 6-month  
9 period immediately preceding the member's retirement allowance  
10 effective date. This subdivision does not apply to a member who had  
11 been restored to active service during that 6-month period pursuant  
12 to section 33.

13 (c) On the last day of the month immediately preceding the  
14 retirement allowance effective date stated in the application, the  
15 member's combined age and length of credited service is equal to or  
16 greater than 80 years and the member is 50 years of age or older.

17 (d) For purposes of this subsection, "early retirement  
18 effective period" means 1 of the following:

19 (i) Except as provided in subparagraph (ii), the period  
20 beginning on April 1, 1988 and ending on April 1, 1989.

21 (ii) For a member employed by a hospital or facility owned or  
22 operated by the department formerly known as the department of  
23 mental health that is in the process of being closed by the  
24 department formerly known as the department of mental health, the  
25 period beginning on April 1, 1988 and ending on October 1, 1989.

26 (4) As used in subsections (5) to (9):

27 (a) "Agency of the department" means 1 of the following:

1 (i) Southwest Michigan community living services.

2 (ii) Wayne community living services.

3 (b) "Department inpatient facility" means 1 of the following:

4 (i) A developmental disability center that is directly operated  
5 by the department formerly known as the department of mental health  
6 for purposes of providing inpatient care and treatment services to  
7 persons with developmental disabilities.

8 (ii) A psychiatric hospital that is directly operated by the  
9 department formerly known as the department of mental health for  
10 purposes of providing inpatient diagnostic and therapeutic services  
11 to persons who are mentally ill.

12 (5) Notwithstanding any other provision of this section, a  
13 member who is an employee of an agency of the department or a  
14 department inpatient facility and is on layoff status because the  
15 agency or inpatient facility has been designated by the state  
16 officer formerly known as the director of mental health for closure  
17 on or after October 1, 1989, may retire as provided in subsection  
18 (7) or (8), as applicable, with a retirement allowance computed  
19 according to section 20(1), without regard to the reduction in  
20 subsection (2), upon satisfaction of any 1 of the following  
21 conditions:

22 (a) The member is 51 years of age or older and has 25 or more  
23 years of credited service, the last 5 of which are as an employee  
24 of an agency of the department designated for closure or a  
25 department inpatient facility designated for closure.

26 (b) The member is at least 56 years of age and has 10 or more  
27 years of credited service, the last 5 of which are as an employee

1 of an agency of the department designated for closure or a  
2 department inpatient facility designated for closure.

3 (c) The member has 25 or more years of credited service,  
4 regardless of age, as an employee of an agency of the department  
5 designated for closure or a department inpatient facility  
6 designated for closure.

7 (6) When a department inpatient facility or agency is  
8 designated for closure on or after October 1, 1989, the state  
9 officer formerly known as the director of mental health shall  
10 certify in writing to the state legislature and the retirement  
11 board, not less than 240 days before the designated official date  
12 of closure, which facility or agency is to be closed and the  
13 designated official date of closure.

14 (7) Except as provided in subsection (8), a member who is  
15 eligible to receive a retirement allowance under subsection (5) may  
16 retire effective on the date that an agency of the department or a  
17 department inpatient facility designated for closure as provided in  
18 subsection (5) actually closes, upon written application to the  
19 retirement board not less than 30 or more than 180 days before the  
20 designated official date of closure. Beginning on the retirement  
21 allowance effective date, he or she shall receive a retirement  
22 allowance computed according to section 20(1).

23 (8) A member who is on layoff status, is not working for the  
24 state, and becomes eligible to receive a retirement allowance under  
25 subsection (5) and who was an employee of an agency of the  
26 department or a department inpatient facility that has been  
27 designated for closure as provided in subsection (5) and that

1 actually closes on or after October 1, 1989, may retire upon  
2 written application to the retirement board, stating a date upon  
3 which he or she wishes to retire. Beginning on the retirement  
4 allowance effective date, he or she shall receive a retirement  
5 allowance computed according to section 20(1).

6 (9) Any additional accrued actuarial cost and costs for health  
7 insurance resulting from the implementation of subsection (5) shall  
8 be funded from appropriations to the department formerly known as  
9 the department of mental health for this purpose.

10 (10) A member who is an employee of the state accident fund on  
11 the date of transfer to a permitted transferee as that term is  
12 defined by section 701a of the worker's disability compensation act  
13 of 1969, 1969 PA 317, MCL 418.701a, may retire if the member's age  
14 and his or her length of service is equal to or greater than 70  
15 years on the date of transfer. The member may retire upon written  
16 application to the retirement board, stating a date, not less than  
17 30 or more than 90 days after the execution and filing of the  
18 application, on which he or she desires to retire. Beginning on the  
19 retirement allowance effective date, he or she shall receive a  
20 retirement allowance computed according to section 20(1) without  
21 regard to the reduction required by subsection (2).

22 (11) A member who is an employee of the Michigan biologic  
23 products institute on the date the institute is conveyed pursuant  
24 to the Michigan biologic products institute transfer act, 1996 PA  
25 522, MCL 333.26331 to 333.26340, may retire if the member's age and  
26 his or her length of service is equal to or greater than 70 years  
27 on the date of the conveyance. The member may retire upon written

1 application to the retirement board, stating a date, not less than  
2 30 or more than 90 days after the execution and filing of the  
3 application, on which he or she desires to retire. Beginning on the  
4 retirement allowance effective date, he or she shall receive a  
5 retirement allowance computed according to section 20(1) without  
6 regard to the reduction required by subsection (2).

7 (12) A member who is an employee of the liquor control  
8 commission created by section 209 of the Michigan liquor control  
9 code of 1998, 1998 PA 5, MCL 436.1209, whose employment is  
10 terminated due to the privatization of the distribution of spirits  
11 within this state is effectuated pursuant to the resolution and  
12 order adopted by the liquor control commission on February 7, 1996,  
13 a plan adopted pursuant to statute or court order, or a plan  
14 adopted pursuant to both statute and order of the liquor control  
15 commission may retire if the member's age and his or her length of  
16 service is equal to or greater than 70 years on the date the  
17 privatization is effectuated. The member may retire under this  
18 subsection upon written application to the retirement board,  
19 stating a date, not less than 30 or more than 90 days after the  
20 execution and filing of the application, on which he or she desires  
21 to retire. Beginning on the retirement allowance effective date, he  
22 or she shall receive a retirement allowance computed according to  
23 section 20(1), without regard to the reduction required by  
24 subsection (2). The cost of benefits paid under this section shall  
25 be paid out of the revolving fund created under section 221 of the  
26 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1221.

27 (13) A MEMBER WHO IS AN EMPLOYEE OF THE BUREAU OF JUVENILE

1 JUSTICE IN THE DEPARTMENT OF HUMAN SERVICES ON OCTOBER 1, 2007 AND  
2 WHO IS LAID OFF OR DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR  
3 BEFORE SEPTEMBER 30, 2008 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR  
4 HER LENGTH OF SERVICE IS EQUAL TO OR GREATER THAN 70 YEARS ON THE  
5 DATE THE MEMBER IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE  
6 UNDER THIS SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT  
7 BOARD, STATING A DATE, NOT LESS THAN 30 OR MORE THAN 90 DAYS AFTER  
8 THE EXECUTION AND FILING OF THE APPLICATION, ON WHICH HE OR SHE  
9 DESIRES TO RETIRE. BEGINNING ON THE RETIREMENT ALLOWANCE EFFECTIVE  
10 DATE, HE OR SHE SHALL RECEIVE A RETIREMENT ALLOWANCE COMPUTED  
11 ACCORDING TO SECTION 20(1) WITHOUT REGARD TO THE REDUCTION REQUIRED  
12 BY SUBSECTION (2).

13 (14) A MEMBER WHO IS AN EMPLOYEE OF THE BUREAU OF JUVENILE  
14 JUSTICE IN THE DEPARTMENT OF HUMAN SERVICES ON OCTOBER 1, 2007 AND  
15 WHO IS LAID OFF OR DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR  
16 BEFORE SEPTEMBER 30, 2008 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR  
17 HER LENGTH OF SERVICE IS EQUAL TO OR GREATER THAN 75 YEARS ON THE  
18 DATE THE MEMBER IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE  
19 UNDER THIS SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT  
20 BOARD, STATING A DATE, NOT LESS THAN 30 OR MORE THAN 90 DAYS AFTER  
21 THE EXECUTION AND FILING OF THE APPLICATION, ON WHICH HE OR SHE  
22 DESIRES TO RETIRE. UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS  
23 SUBSECTION, A MEMBER WHO DID NOT MAKE AN ELECTION TO TERMINATE  
24 MEMBERSHIP IN TIER 1 AND BECAME 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 1-3/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE



1    CALCULATION PROVIDED IN THIS SUBSECTION, THE MEMBER'S RETIREMENT  
2    ALLOWANCE IS SUBJECT TO SECTION 20. THE MEMBER'S RETIREMENT  
3    ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO SUBSECTION (2).

4            (15) FOR PURPOSES OF THIS SECTION, AN EMPLOYEE WHO IS  
5    DISPLACED IS AN ACTIVE EMPLOYEE WHO MUST MOVE FROM HIS OR HER  
6    ASSIGNMENT LOCATION BECAUSE OF A STAFFING IMBALANCE RESULTING FROM  
7    LAYOFFS, A REDUCTION IN FORCE, A CLOSURE, OR ANY COMBINATION  
8    THEREOF.

9            Sec. 45. As used in sections 45 to 47:

10           (a) "Covered position" means any of the following:

11           (i) On or after January 1, 1989, a position in the classified  
12    civil service with a classification of corrections officer;  
13    resident unit officer; corrections medical aide; corrections shift  
14    supervisor; corrections security specialist; deputy prison warden;  
15    or departmental administrator-prison warden.

16           (ii) On or after January 1, 1989, a position that is assigned  
17    to a work station inside the security perimeter of a state  
18    correctional facility designated as "medium", "close", or  
19    "maximum".

20           (iii) On or after January 1, 1989, a position within a state  
21    correctional facility that requires the employee to be in direct  
22    contact with prisoners for more than 50% of the employee's work  
23    time performing supervisory or disciplinary duties including 1 or  
24    more of the following:

25           (A) Supervising prisoners in the performance of tasks.

26           (B) Supervising prisoners for the purpose of enforcing the  
27    facility's rules.

1 (C) Direct participation in the disciplinary process.

2 (iv) On or after January 1, 1989, a position with the center  
3 for forensic psychiatry that is classified by civil service as  
4 forensics security aide IIB, forensics security aide IIIB,  
5 forensics security supervisor IVB, forensics security supervisor  
6 VB, forensics security supervisor VIB, or forensics supervisor VII.

7 (v) A position that was a covered position under this section  
8 before January 1, 1989, that is excluded by subparagraphs (i), (ii),  
9 (iii), and (iv), if and only as long as the person in the position on  
10 January 1, 1989, continues in the position after January 1, 1989.

11 (vi) **ON OR AFTER OCTOBER 1, 2007, A POSITION IN THE BUREAU OF**  
12 **JUVENILE JUSTICE IN THE DEPARTMENT OF HUMAN SERVICES.**

13 (b) "Supplemental member" means a member who is employed in a  
14 covered position.

15 (c) "Covered service" means credited service acquired in a  
16 covered position.

17 (d) "Supplemental final average compensation" means 1/3 of the  
18 compensation paid a supplemental member during the period of 3  
19 consecutive years of the member's covered service producing the  
20 highest average and contained within the member's last 10 years of  
21 credited service immediately preceding the date the member's  
22 employment in a covered position last terminates.

23 (e) "State correctional facility" means a facility under the  
24 jurisdiction of the department of corrections that has a  
25 designation of "maximum", "close", "medium", "minimum", "prison  
26 camp", or "correction center".