

HOUSE BILL No. 5449

September 22, 2009, Introduced by Reps. Rick Jones and Calley and referred to the Committee on Labor.

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 SEPTEMBER 1, 2010, 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 80 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) .

11 (C) THE MEMBER WAS EMPLOYED BY THIS STATE FOR THE 6-MONTH
12 PERIOD ENDING ON THE EFFECTIVE DATE OF HIS OR HER RETIREMENT OR WAS

1 AN EMPLOYEE OF THE STATE JUDICIAL COUNCIL ON SEPTEMBER 30, 1996 AS
2 DESCRIBED IN SECTION 44A. A MEMBER WHO IS ON LAYOFF STATUS FROM
3 STATE EMPLOYMENT IS CONSIDERED TO HAVE MET THE EMPLOYMENT
4 REQUIREMENT OF THIS SUBDIVISION.

5 (D) EXCEPT AS MAY BE PROVIDED OTHERWISE IN SUBSECTION (5), THE
6 MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH THE RETIREMENT
7 BOARD, ON OR AFTER APRIL 1, 2010, BUT NOT LATER THAN SEPTEMBER 1,
8 2010, STATING A DATE ON OR AFTER APRIL 1, 2010, BUT NOT LATER THAN
9 SEPTEMBER 1, 2010, ON WHICH HE OR SHE DESIRES TO RETIRE. A MEMBER
10 MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE AUGUST 15, 2010 OR
11 7 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER
12 SUBSECTION (4), WHICHEVER IS LATER. A WRITTEN APPLICATION SUBMITTED
13 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE AUGUST 15, 2010 OR 7
14 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER SUBSECTION
15 (4), WHICHEVER IS LATER, IS IRREVOCABLE.

16 (E) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN
17 SECTION 48.

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

21 (A) ON OR BEFORE SEPTEMBER 1, 2010, OR ON THE EFFECTIVE DATE
22 OF HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER'S
23 COMBINED AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER
24 THAN 80 YEARS.

25 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATURE, IS AN
26 EMPLOYEE OF THE OFFICE OF GOVERNOR, OR IS AN UNCLASSIFIED EMPLOYEE
27 WITHIN THE EXECUTIVE BRANCH.

1 (C) THE MEMBER WAS EMPLOYED BY THIS STATE OR THE LEGISLATURE
2 FOR THE 6-MONTH PERIOD ENDING ON THE EFFECTIVE DATE OF HIS OR HER
3 RETIREMENT. A MEMBER WHO IS ON LAYOFF STATUS FROM STATE EMPLOYMENT
4 IS CONSIDERED TO HAVE MET THE EMPLOYMENT REQUIREMENT OF THIS
5 SUBDIVISION.

6 (D) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
7 THE RETIREMENT BOARD, ON OR AFTER APRIL 1, 2010, BUT NOT LATER THAN
8 SEPTEMBER 1, 2010, STATING A DATE ON OR AFTER APRIL 1, 2010, BUT
9 NOT LATER THAN SEPTEMBER 1, 2010, ON WHICH HE OR SHE DESIRES TO
10 RETIRE. A MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE
11 AUGUST 15, 2010. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), A
12 WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN ON OR
13 BEFORE AUGUST 15, 2010 IS IRREVOCABLE.

14 (E) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN
15 SECTION 48.

16 (3) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION WOULD
17 OTHERWISE BE ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON
18 ACCOUNT OF ACCUMULATED SICK LEAVE OR ACCUMULATED ANNUAL LEAVE SHALL
19 BE PAID IN 60 CONSECUTIVE EQUAL MONTHLY INSTALLMENTS BEGINNING ON
20 OR AFTER AUGUST 1, 2010. PAYMENTS RECEIVED UNDER THIS SUBSECTION
21 SHALL NOT BE USED TO PURCHASE SERVICE CREDIT UNDER THIS ACT. THESE
22 PAYMENTS FOR ACCUMULATED SICK LEAVE AND ACCUMULATED ANNUAL LEAVE
23 ARE TO BE PAID FROM FUNDS APPROPRIATED TO THE APPOINTING AUTHORITY
24 AND NOT FROM FUNDS OF THE RETIREMENT SYSTEM. THESE PAYMENTS ARE NOT
25 PENSIONS, ANNUITIES, RETIREMENT ALLOWANCES, OPTIONAL BENEFITS, OR
26 ANY OTHER RIGHTS DESCRIBED IN SECTION 40, ARE NOT EXEMPT FROM
27 TAXATION, ARE SUBJECT TO EXECUTION, GARNISHMENT, ATTACHMENT, THE

1 OPERATION OF BANKRUPTCY OR INSOLVENCY LAWS, OR OTHER PROCESS OF
2 LAW, AND MAY BE ASSIGNABLE AS PROVIDED IN THIS ACT.

3 (4) THE DIRECTOR OF A PRINCIPAL DEPARTMENT MAY REQUEST THAT
4 THE EFFECTIVE DATE OF RETIREMENT UNDER SUBSECTION (1) OF A MEMBER
5 EMPLOYED BY THAT DEPARTMENT BE EXTENDED TO A DATE NOT LATER THAN
6 SEPTEMBER 1, 2012. TO MAKE A REQUEST UNDER THIS SUBSECTION, THE
7 DIRECTOR SHALL SUBMIT A WRITTEN REQUEST AND THE WRITTEN CONCURRENCE
8 OF THE MEMBER TO THE OFFICE OF THE STATE EMPLOYER AND THE STATE
9 BUDGET OFFICE ON OR BEFORE AUGUST 31, 2010. UPON RECEIPT OF THE
10 WRITTEN REQUEST AND CONCURRENCE, THE OFFICE OF THE STATE EMPLOYER
11 AND THE STATE BUDGET OFFICE MAY EXTEND THE EFFECTIVE DATE OF
12 RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER
13 SUBSECTION (1) TO A DATE NOT LATER THAN SEPTEMBER 1, 2012. UPON
14 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS
15 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
16 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF
17 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE
18 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE
19 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE
20 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE
21 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF
22 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN
23 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON
24 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT
25 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT
26 LATER THAN SEPTEMBER 1, 2012. UPON WRITTEN APPROVAL OF THE CHIEF
27 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,

1 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,
2 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF
3 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (1) MAY BE EXTENDED TO
4 A DATE NOT LATER THAN SEPTEMBER 1, 2012. THE INDIVIDUAL OR
5 INDIVIDUALS WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF
6 RETIREMENT FOR A MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE,
7 SUPREME COURT, OR COURT OF APPEALS SHALL SUBMIT WRITTEN
8 NOTIFICATION TO THE OFFICE OF RETIREMENT SERVICES OF ALL EXTENSIONS
9 APPROVED ON OR BEFORE AUGUST 31, 2011.

10 (5) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), UPON HIS
11 OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A MEMBER WHO DID NOT
12 MAKE AN ELECTION UNDER SECTION 50 TO TERMINATE MEMBERSHIP IN TIER 1
13 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2 SHALL RECEIVE A LUMP-
14 SUM PAYMENT OF \$40,000.00. THE PAYMENT SHALL BE INCLUDED IN THE
15 MEMBER'S COMPENSATION AS PART OF THE FINAL AVERAGE COMPENSATION
16 CALCULATION UNDER THIS ACT. THE MEMBER'S RETIREMENT ALLOWANCE IS
17 SUBJECT TO SECTION 20. THE MEMBER'S RETIREMENT ALLOWANCE IS NOT
18 SUBJECT TO REDUCTION PURSUANT TO SECTION 19(2).

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

1 SECTION 19(2) .

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