

SENATE BILL No. 552

May 7, 2009, Introduced by Senator BROWN and referred to the Committee on Appropriations.

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

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
10 years of age, and has 15 or more years of credited service, may

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

25 (3) Notwithstanding any other provision of this section,
26 effective April 1, 1988, a member may retire with a retirement
27 allowance computed according to section 20(1), without regard to

1 the reduction in subsection (2), if all of the following apply:

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

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

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

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

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

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

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

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

27 (i) Southwest Michigan community living services.

1 (ii) Wayne community living services.

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

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

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

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

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

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

1 department inpatient facility designated for closure.

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

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

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

22 (8) A member who is on layoff status, is not working for the
23 state, and becomes eligible to receive a retirement allowance under
24 subsection (5) and who was an employee of an agency of the
25 department or a department inpatient facility that has been
26 designated for closure as provided in subsection (5) and that
27 actually closes on or after October 1, 1989, may retire upon

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

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

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

21 (11) A member who is an employee of the Michigan biologic
22 products institute on the date the institute is conveyed pursuant
23 to the Michigan biologic products institute transfer act, 1996 PA
24 522, MCL 333.26331 to 333.26340, may retire if the member's age and
25 his or her length of service is equal to or greater than 70 years
26 on the date of the conveyance. The member may retire upon written
27 application to the retirement board, stating a date, not less than

1 30 or more than 90 days after the execution and filing of the
2 application, on which he or she desires to retire. Beginning on the
3 retirement allowance effective date, he or she shall receive a
4 retirement allowance computed according to section 20(1) without
5 regard to the reduction required by subsection (2).

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

26 (13) A MEMBER WHO IS AN EMPLOYEE OF THE ADRIAN TRAINING SCHOOL
27 IN THE BUREAU OF JUVENILE JUSTICE IN THE DEPARTMENT OF HUMAN

1 SERVICES ON JANUARY 1, 2009 AND WHO IS LAID OFF OR DISPLACED ON OR
2 AFTER JANUARY 1, 2009 AND ON OR BEFORE MAY 1, 2009 MAY RETIRE IF
3 THE MEMBER'S AGE AND HIS OR HER LENGTH OF SERVICE IS EQUAL TO OR
4 GREATER THAN 70 YEARS ON THE DATE THE MEMBER IS LAID OFF OR
5 DISPLACED. THE MEMBER MAY RETIRE UNDER THIS SUBSECTION UPON WRITTEN
6 APPLICATION TO THE RETIREMENT BOARD, STATING A DATE, NOT LESS THAN
7 30 OR MORE THAN 90 DAYS AFTER THE EXECUTION AND FILING OF THE
8 APPLICATION, ON WHICH HE OR SHE DESIRES TO RETIRE. THE RETIREMENT
9 BOARD SHALL ACCEPT APPLICATIONS FOR 6 MONTHS ON AND AFTER MAY 1,
10 2009. BEGINNING ON THE RETIREMENT ALLOWANCE EFFECTIVE DATE, HE OR
11 SHE SHALL RECEIVE A RETIREMENT ALLOWANCE COMPUTED ACCORDING TO
12 SECTION 20(1) WITHOUT REGARD TO THE REDUCTION REQUIRED BY
13 SUBSECTION (2).

14 (14) A MEMBER WHO IS AN EMPLOYEE OF THE ADRIAN TRAINING SCHOOL
15 IN THE BUREAU OF JUVENILE JUSTICE IN THE DEPARTMENT OF HUMAN
16 SERVICES ON JANUARY 1, 2009 AND WHO IS LAID OFF OR DISPLACED ON OR
17 AFTER JANUARY 1, 2009 AND ON OR BEFORE MAY 1, 2009 MAY RETIRE IF
18 THE MEMBER'S AGE AND HIS OR HER LENGTH OF SERVICE IS EQUAL TO OR
19 GREATER THAN 75 YEARS ON THE DATE THE MEMBER IS LAID OFF OR
20 DISPLACED. THE MEMBER MAY RETIRE UNDER THIS SUBSECTION UPON WRITTEN
21 APPLICATION TO THE RETIREMENT BOARD, STATING A DATE, NOT LESS THAN
22 30 OR MORE THAN 90 DAYS AFTER THE EXECUTION AND FILING OF THE
23 APPLICATION, ON WHICH HE OR SHE DESIRES TO RETIRE. THE RETIREMENT
24 BOARD SHALL ACCEPT APPLICATIONS FOR 6 MONTHS ON AND AFTER MAY 1,
25 2009. UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SUBSECTION, A
26 MEMBER WHO DID NOT MAKE AN ELECTION TO TERMINATE MEMBERSHIP IN TIER
27 1 AND BECAME A QUALIFIED PARTICIPANT IN TIER 2 SHALL RECEIVE A

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

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