

SENATE BILL No. 1500

September 21, 2010, Introduced by Senator JACOBS 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, 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 75 YEARS, OR, IF THE MEMBER HAS AT LEAST 20 YEARS OF SERVICE
8 CREDIT, THE MEMBER'S COMBINED AGE AND LENGTH OF CREDITED SERVICE IS
9 EQUAL TO OR GREATER THAN 65 YEARS.

1 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATURE, IS AN
2 EMPLOYEE OF THE OFFICE OF GOVERNOR, IS AN EMPLOYEE OF THE JUDICIAL
3 SYSTEM, OR IS AN UNCLASSIFIED EMPLOYEE WITHIN THE STATE CIVIL
4 SERVICE.

5 (C) THE MEMBER WAS EMPLOYED BY THIS STATE OR THE LEGISLATURE
6 FOR THE 30-MONTH PERIOD ENDING ON DECEMBER 1, 2010. A MEMBER WHO IS
7 ON LAYOFF STATUS FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET
8 THE EMPLOYMENT REQUIREMENT OF THIS SUBDIVISION.

9 (D) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
10 THE RETIREMENT BOARD, ON OR AFTER DECEMBER 1, 2010, BUT NOT LATER
11 THAN DECEMBER 31, 2010, STATING A DATE ON OR AFTER JANUARY 1, 2011,
12 BUT NOT LATER THAN FEBRUARY 1, 2011, ON WHICH HE OR SHE DESIRES TO
13 RETIRE. A MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE
14 JANUARY 15, 2011. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND
15 NOT WITHDRAWN ON OR BEFORE JANUARY 15, 2011 IS IRREVOCABLE.

16 (E) THE MEMBER IS NOT EMPLOYED IN A COVERED POSITION AS
17 DEFINED IN SECTION 45.

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

20 (2) IF A MEMBER MEETS ALL OF THE REQUIREMENTS OF SUBSECTION
21 (1) EXCEPT THE REQUIREMENT IN SUBSECTION (1) (C), THE MEMBER MAY
22 RETIRE AND RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S
23 NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
24 MULTIPLIED BY 1-1/2% OF HIS OR HER FINAL AVERAGE COMPENSATION.
25 EXCEPT FOR THE CALCULATION PROVIDED IN THIS SUBSECTION, THE
26 MEMBER'S RETIREMENT ALLOWANCE IS SUBJECT TO SECTION 20. THE
27 MEMBER'S RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT

1 TO SECTION 19(2).

2 (3) ANY AMOUNT THAT A MEMBER RETIRING UNDER THIS SECTION WOULD
3 OTHERWISE BE ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON
4 ACCOUNT OF ACCUMULATED SICK LEAVE SHALL BE PAID IN 60 CONSECUTIVE
5 EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER FEBRUARY 1, 2011.
6 PAYMENTS RECEIVED UNDER THIS SUBSECTION SHALL NOT BE USED TO
7 PURCHASE SERVICE CREDIT UNDER THIS ACT. THESE PAYMENTS FOR
8 ACCUMULATED SICK LEAVE ARE TO BE PAID FROM FUNDS APPROPRIATED TO
9 THE APPOINTING AUTHORITY AND NOT FROM FUNDS OF THE RETIREMENT
10 SYSTEM. THESE PAYMENTS SHALL BE CONSIDERED TAXABLE INCOME UNDER THE
11 INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.1 TO 206.532.

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

21 (5) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A
22 FORMER MEMBER WHO MADE AN ELECTION UNDER SECTION 50 TO TERMINATE
23 MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2
24 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER
25 OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY
26 1/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE
27 CALCULATION PROVIDED IN THIS SUBSECTION, THE FORMER MEMBER'S

1 RETIREMENT ALLOWANCE IS SUBJECT TO SECTION 20. THE FORMER MEMBER'S
2 RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO
3 SECTION 19(2) .

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

10 (7) AN EMPLOYEE WHO RETIRES UNDER THIS SECTION SHALL NOT BE
11 HIRED UNDER CONTRACT BY THE STATE FOR A PERIOD OF 2 YEARS AFTER THE
12 DATE OF SEPARATION.