

HOUSE BILL No. 6105

September 26, 1990, Introduced by Rep. Power and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 17 and 19 of Act No. 240 of the Public Acts of 1943, entitled as amended "State employees' retirement act," section 19 as amended by Act No. 297 of the Public Acts of 1989, being sections 38.17 and 38.19 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 17 and 19 of Act No. 240 of the Public
2 Acts of 1943, section 19 as amended by Act No. 297 of the Public
3 Acts of 1989, being sections 38.17 and 38.19 of the Michigan
4 Compiled Laws, are amended to read as follows:

5 Sec. 17. (1) ~~(a)~~ At retirement, a member's credited serv-
6 ice shall include service rendered by ~~him~~ THE MEMBER under the
7 state board of control for vocational education, to the same
8 extent that ~~such~~ THE service would have been credited had it
9 been rendered in a position covered under this act, if the member

1 ~~(1) relinquishes for himself and his beneficiary all~~ DOES ALL
2 OF THE FOLLOWING:

3 (A) RELINQUISHES HIS OR HER rights in and to a retirement
4 allowance under ~~the provisions of~~ FORMER Act No. 136 of the
5 Public Acts of 1945. ~~, as amended, being sections 38.201 to~~
6 ~~38.356 of the Compiled Laws of 1948, and (2) pays~~

7 (B) PAYS into the employees' savings fund the contributions,
8 together with regular interest, ~~he~~ THE MEMBER would have paid
9 had ~~such~~ THE service been rendered in a position covered under
10 this act.

11 (2) ~~(b)~~ At retirement, a member's credited service shall
12 include service rendered by ~~him~~ THE MEMBER in a position cov-
13 ered under FORMER Act No. 136 of the Public Acts of 1945, ~~as~~
14 ~~amended,~~ to the same extent that ~~such~~ THE service would have
15 been credited had it been rendered in a position covered under
16 this act. ~~, but such~~ HOWEVER, EXCEPT AS PROVIDED IN THIS SUB-
17 SECTION AND SUBSECTION (3), THE service credit ~~shall~~ DOES not
18 include any period of service for which the member has acquired
19 or could have acquired entitlement to an annuity, pension, or
20 retirement allowance payable to or to be payable by a retirement
21 system, except the federal social security old-age, survivors'
22 and disability insurance program ~~, under which the political~~
23 subdivision covers its employees, ~~and~~ if the member ~~(1) relin-~~
24 ~~quishes for himself and his beneficiary all~~ DOES ALL OF THE
25 FOLLOWING:

1 (A) RELINQUISHES HIS OR HER rights in and to a retirement
2 allowance under ~~the provisions of~~ FORMER Act No. 136 of the
3 Public Acts of 1945. ~~, as amended, and (2) pays~~

4 (B) PAYS into the employees' savings fund the contributions,
5 together with regular interest, ~~he~~ THE MEMBER would have paid
6 had ~~such~~ THE service been rendered in a position covered under
7 this act.

8 (3) AT RETIREMENT, FOR A MEMBER WHO BECAME A MEMBER BEFORE
9 OCTOBER 1, 1980, A MEMBER'S CREDITED SERVICE SHALL INCLUDE SERV-
10 ICE RENDERED BY THE MEMBER IN A POSITION COVERED UNDER FORMER ACT
11 NO. 136 OF THE PUBLIC ACTS OF 1945, TO THE SAME EXTENT THAT THE
12 SERVICE WOULD HAVE BEEN CREDITED HAD IT BEEN RENDERED IN A POSI-
13 TION COVERED UNDER THIS ACT. HOWEVER, SERVICE CREDIT DOES NOT
14 INCLUDE ANY PERIOD OF SERVICE FOR WHICH THE MEMBER HAS ACQUIRED
15 OR COULD HAVE ACQUIRED ENTITLEMENT TO AN ANNUITY, PENSION, OR
16 RETIREMENT ALLOWANCE PAYABLE TO OR TO BE PAYABLE BY A GOVERNMEN-
17 TAL RETIREMENT SYSTEM, EXCEPT THE FEDERAL SOCIAL SECURITY
18 OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM UNDER WHICH
19 THE POLITICAL SUBDIVISION COVERS ITS EMPLOYEES. THE MEMBER SHALL
20 DO ALL OF THE FOLLOWING:

21 (A) RELINQUISH FOR HIMSELF OR HERSELF AND HIS OR HER BENEFI-
22 CIARY ALL RIGHTS IN AND TO A RETIREMENT ALLOWANCE UNDER FORMER
23 ACT NO. 136 OF THE PUBLIC ACTS OF 1945.

24 (B) PAY INTO THE EMPLOYEES' SAVINGS FUND THE CONTRIBUTIONS,
25 TOGETHER WITH REGULAR INTEREST, THE MEMBER WOULD HAVE PAID HAD
26 THE SERVICE BEEN RENDERED IN A POSITION COVERED UNDER THIS ACT.

1 Sec. 19. (1) A member who is 60 years of age or older and
2 has 10 or more years of credited service may retire upon written
3 application to the retirement board, stating a date, not less
4 than 30 or more than 90 days after the execution and filing of
5 the application, on which he or she desires to retire. Beginning
6 on the retirement allowance effective date, he or she shall
7 receive a retirement allowance computed according to section
8 20(1).

9 (2) A member who is 55 years of age or older, but less than
10 60 years of age, and has 15 or more years of credited service,
11 may retire upon written application to the retirement board stat-
12 ing a date, not less than 30 or more than 90 days after the exe-
13 cution and filing of the application, on which he or she desires
14 to retire. Upon retirement he or she shall receive a retirement
15 allowance computed according to section 20(1). The retirement
16 allowance of a member who has less than 30 years' credited serv-
17 ice shall be reduced by an amount which is 0.5% of the retirement
18 allowance multiplied by the number of months the person's age at
19 retirement is under 60 years. The reduction of 1/2 of 1% for
20 each month and fraction of a month from the member's retirement
21 allowance effective date to the date of the member's sixtieth
22 birthday provided for in this subsection shall not apply to a
23 member who retired before July 1, 1974 and before attainment of
24 age 60, with 30 or more years of credited service. The retire-
25 ment allowance of a retirant or beneficiary of a retirant who
26 retired before that date shall be recalculated disregarding the
27 reduction and the person receiving the retirement allowance shall

1 be eligible to receive an adjusted retirement allowance based on
2 the recalculation beginning October 1, 1987, but shall not be
3 eligible to receive the adjusted amount attributable to any month
4 beginning before October 1, 1987. The recalculated retirement
5 allowance provided by this subsection shall be paid by January 1,
6 1988. The retirement allowance of a retirant who dies before
7 January 1, 1988, and who has not nominated a retirement allowance
8 beneficiary pursuant to section 31, shall not be recalculated
9 pursuant to this subsection.

10 (3) Notwithstanding any other provision of this section,
11 effective April 1, 1988, a member may retire with a retirement
12 allowance computed according to section 20(1), without regard to
13 the reduction in subsection (2), if all of the following apply:

14 (a) The member files a written application with the retire-
15 ment board stating a date, not less than 30 or more than 90 days
16 after the execution and filing of the application, on which the
17 member desires to retire, and which is within the early retire-
18 ment effective period.

19 (b) The member was employed by the state for the 6-month
20 period immediately preceding the member's retirement allowance
21 effective date. This subdivision shall not apply to a member who
22 had been restored to active service during that 6-month period
23 pursuant to section 33.

24 (c) On the last day of the month immediately preceding the
25 retirement allowance effective date stated in the application the
26 member's combined age and length of credited service is equal to

1 or greater than 80 years and the member is 50 years of age or
2 older.

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

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

7 (ii) For a member employed by a department of mental health
8 hospital or facility that is in the process of being closed by
9 the department of mental health, the period beginning on April 1,
10 1988 and ending on October 1, 1989.

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

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

13 (i) Southwest Michigan community living services.

14 (ii) Wayne community living services.

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

17 (i) A developmental disability center that is directly oper-
18 ated by the department of mental health for purposes of providing
19 inpatient care and treatment services to persons with developmen-
20 tal disabilities.

21 (ii) A psychiatric hospital that is directly operated by the
22 department of mental health for purposes of providing inpatient
23 diagnostic and therapeutic services to persons who are mentally
24 ill.

25 (5) Notwithstanding any other provision of this section, a
26 member who is an employee of an agency of the department or a
27 department inpatient facility and is on layoff status because the

1 agency or inpatient facility has been designated by the director
2 of mental health for closure on or after October 1, 1989, may
3 retire as provided in subsection (7) or (8), as applicable, with
4 a retirement allowance computed according to section 20(1), with-
5 out regard to the reduction in subsection (2), upon satisfaction
6 of any 1 of the following conditions:

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

11 (b) The member is at least 56 years of age and has 10 or
12 more years of credited service, the last 5 of which are as an
13 employee of an agency of the department designated for closure or
14 a department inpatient facility designated for closure.

15 (c) The member has 25 or more years of credited service,
16 regardless of age, as an employee of an agency of the department
17 designated for closure or a department inpatient facility desig-
18 nated for closure.

19 (6) When a department inpatient facility or agency is desig-
20 nated for closure on or after October 1, 1989, the director of
21 mental health shall certify in writing to the state legislature
22 and the retirement board, not less than 240 days before the des-
23 ignated official date of closure, which facility or agency is to
24 be closed and the designated official date of closure.

25 (7) Except as provided in subsection (8), a member who is
26 eligible to receive a retirement allowance under subsection (5)
27 may retire effective on the date that an agency of the department

1 or a department inpatient facility designated for closure as
2 provided in subsection (5) actually closes, upon written applica-
3 tion to the retirement board not less than 30 or more than 180
4 days before the designated official date of closure. HOWEVER, A
5 MEMBER WHO IS OTHERWISE ELIGIBLE TO RECEIVE A RETIREMENT ALLOW-
6 ANCE UNDER SUBSECTION (5) AND WHO AFTER THE EFFECTIVE DATE OF THE
7 AMENDATORY ACT THAT ADDED SUBSECTION (3) TO SECTION 17 IS ABLE TO
8 MEET THE TOTAL YEARS OF CREDITED SERVICE REQUIREMENT UNDER SUB-
9 SECTION (5) MAY RETIRE UPON WRITTEN APPLICATION TO THE RETIREMENT
10 BOARD, STATING A DATE NOT LESS THAN 30 OR MORE THAN 60 DAYS AFTER
11 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED SUBSECTION
12 (3) TO SECTION 17. Beginning on the retirement allowance effec-
13 tive date, he or she shall receive a retirement allowance com-
14 puted according to section 20(1).

15 (8) A member who is on layoff status, is not working for the
16 state, and becomes eligible to receive a retirement allowance
17 under subsection (5) and who was an employee of an agency of the
18 department or a department inpatient facility that has been des-
19 ignated for closure as provided in subsection (5) and that actu-
20 ally closes on or after October 1, 1989, may retire upon written
21 application to the retirement board, stating a date, not less
22 than 30 or more than 180 days after the facility actually closes,
23 upon which he or she wishes to retire. Beginning on the retire-
24 ment allowance effective date, he or she shall receive a retire-
25 ment allowance computed according to section 20(1).

26 (9) Any additional accrued actuarial cost and costs for
27 health insurance resulting from the implementation of subsection

1 (5) shall be funded from appropriations to the department of
2 mental health for this purpose.