

HOUSE BILL No. 6039

September 15, 1998, Introduced by Rep. Profit and referred to the Committee on Public Retirement.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 61 (MCL 38.1361), as amended by 1989 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 61. (1) ~~If~~ SUBJECT TO SUBSECTION (3), IF a retirant
2 is receiving a retirement allowance other than a disability
3 allowance payable under this act or under former ~~Act No. 136 of~~
4 ~~the Public Acts of 1945~~ 1945 PA 136, on account of either age or
5 years of personal service performed, or both, and becomes
6 employed by a reporting unit, the following shall take place:
7 (a) The retirant shall not be entitled to a new final aver-
8 age compensation or additional service credit under this retire-
9 ment system unless additional service is performed equivalent to
10 5 or more years of service credit or, if the retirant has
11 contributed to the member investment plan, the equivalent of 3 or

1 more years of service credit. The retirant may elect to have the
2 retirement allowance recomputed based on the added credit or the
3 final average compensation resulting from the added service, or
4 both. A retirement allowance shall not be recomputed until the
5 retirant pays into the retirement system an amount equal to the
6 retirant's new final average compensation multiplied by the per-
7 centage determined under section 41(2) for normal cost and
8 unfunded actuarial accrued liabilities, not including the percen-
9 tage required for the funding of health benefits, multiplied by
10 the total service credit in the period in which the retirant's
11 additional service was performed.

12 (b) The retirant's retirement allowance shall be reduced by
13 the lesser of the amount that the earnings in a calendar year
14 exceed the amount permitted without a reduction of benefits under
15 the social security act, chapter 531, 49 stat. 620, or 1/3 of the
16 retirant's final average compensation. For purposes of computing
17 allowable earnings under this subdivision, the final average com-
18 pensation shall be increased by 5% for each full year of
19 retirement.

20 (2) ~~(c)~~ The retirement system may offset retirement bene-
21 fits payable under this act against amounts owed to the retire-
22 ment system by a retirant or retirement allowance beneficiary.

23 (3) SUBSECTION (1) DOES NOT APPLY TO A RETIRANT IF ALL OF
24 THE FOLLOWING CIRCUMSTANCES EXIST:

25 (A) THE RETIRANT IS EMPLOYED BY A UNIVERSITY CONSIDERED A
26 REPORTING UNIT UNDER SECTION 7(3).

1 (B) THE RETIRANT DOES NOT AGAIN BECOME A MEMBER OF THIS
2 RETIREMENT SYSTEM BY VIRTUE OF THE EMPLOYMENT DESCRIBED IN
3 SUBDIVISION (A).