

SENATE BILL No. 427

April 30, 2003, Introduced by Senator BARCIA and referred to the Committee on Appropriations.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," by amending section 84 (MCL 38.1384), as amended by 1989 PA 194.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 84. (1) Except as provided in subsection (2), upon the
 2 member's retirement from service as provided in section 81, a
 3 member shall receive a retirement allowance that equals the
 4 product of the member's total years, and fraction of a year, of
 5 credited service multiplied by 1.5% of the member's final average
 6 compensation **through March 31, 2004 and 1.75% of the member's**
 7 **final average compensation beginning on and after April 1, 2004.**

8 A member shall not be allowed to use more than 15 years of out of
 9 system public education service, or more out of system public
 10 education service than service performed under this act or former
 11 ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA 136** unless,

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1 before July 1, 1974, the member applied for out of system public
2 education service credit based upon payment of contributions for
3 the service as required under section 69, or former acts in which
4 case the total out of system public education service credited,
5 not to exceed 15 years, shall be used to compute the member's
6 retirement allowance if the minimum service requirements
7 performed under this act or former acts or as a state employee
8 under the state employees' retirement act, ~~Act No. 240 of the~~
9 ~~Public Acts of 1943, as amended,~~ **1943 PA 240, MCL 38.1 to 38.69**
10 are met. Credit for state of Michigan service shall be on the
11 same basis for eligibility for retirement provided in this act as
12 if the service were performed under this act, former ~~Act No. 136~~
13 ~~of the Public Acts of 1945~~ **1945 PA 136**, former ~~Act No. 56 of~~
14 ~~the Public Acts of 1941~~ **1941 PA 56**, or former ~~Act No. 184 of~~
15 ~~the Public Acts of 1937~~ **1937 PA 184**.

16 (2) If a member having less than 30 years credited service
17 retires before the member's sixtieth birthday as provided in
18 section 81, the member's retirement allowance provided in
19 subsection (1) shall be reduced 1/2 of 1% for each month, and
20 fraction of a month, within the period from the effective date of
21 the member's retirement to the date of the member's sixtieth
22 birthday, and shall continue at that same percentage after
23 becoming 60 years of age.

24 (3) The reduction of 1/2 of 1% for each month and fraction of
25 a month from the member's retirement allowance effective date to
26 the date of the member's sixtieth birthday provided for in former
27 ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA 136**, applicable

1 to a member who retired before July 1, 1974 and before attainment
2 of age 60, shall not apply to a member who retired before that
3 date, at age 55 or more, having 30 or more years of credited
4 service. The retirement allowance shall be recalculated
5 disregarding the reduction and the person receiving the
6 retirement allowance shall be eligible to receive an adjusted
7 retirement allowance based on the recalculation beginning
8 January 1, 1986, but shall not be eligible to receive the
9 adjusted amount attributable to any month beginning before
10 January 1, 1986.

11 (4) The reduction provided for in subsection (2) shall not
12 apply to a member who retires under either section 86 or 87, or
13 to a retirement allowance beneficiary who is granted an allowance
14 under section 43c(c), 89, or 90.

15 (5) The retirement allowance of a person who satisfies the
16 requirements of this subsection shall be recalculated based on
17 1.5% of final average compensation times years of credited
18 service **through March 31, 2004 and 1.75% of the member's final**
19 **average compensation beginning on and after April 1, 2004.** The
20 person receiving the retirement allowance shall be eligible to
21 receive an adjusted retirement allowance based on the
22 recalculation beginning January 1, 1986, but shall not be
23 eligible to receive the adjusted amount attributable to any month
24 beginning before January 1, 1986. A retirement allowance shall
25 be recalculated under this subsection if 1 of the following
26 applies:

27 (a) The retirement allowance was payable to a retirant or

1 retirement allowance beneficiary under chapter II of former ~~Act~~
2 ~~No. 136 of the Public Acts of 1945~~ **1945 PA 136** and the
3 retirement allowance effective date was on or after July 1, 1956
4 but before July 1, 1974.

5 (b) The retirement allowance was payable to a plan II
6 retirant or retirement allowance beneficiary under chapter I of
7 former ~~Act No. 136 of the Public Acts of 1945~~ **1945 PA 136** and
8 the retirement allowance effective date was before July 1, 1974.

9 (6) A member retiring pursuant to section 81 who acquires at
10 least 5 years of combined credited service under this act or
11 under former ~~Act No. 136 of the Public Acts of 1945~~ **1945**
12 **PA 136**, and who is already in receipt of a retirement allowance
13 under chapter II of former ~~Act No. 136 of the Public Acts of~~
14 ~~1945~~ **1945 PA 136**, may elect to return to the retirement system
15 any retirement allowance payments received, and receive a single
16 retirement allowance computed on the combined years of service
17 credited under this act and any former act.