

SENATE BILL No. 1350

September 8, 2004, Introduced by Senators BERNERO, CLARKE, PRUSI, CLARK-COLEMAN, JACOBS, OLSHOVE and BRATER 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:

SENATE BILL No. 1350

1 Sec. 19. (1) A member who is 60 years of age or older and
2 has 10 or more years of credited service, ~~or~~ a member who is 60
3 years of age or older and has 5 or more years of credited service
4 as provided in section 20(4) or (5), **or beginning December 31,**
5 **2004, a member who is 50 years of age or older and whose combined**
6 **age and amount of credited service is equal to or greater than 80**
7 **years** may retire upon written application to the retirement
8 board, stating a date on which he or she desires to retire.
9 Beginning on the retirement allowance effective date, he or she
10 shall receive a retirement allowance computed according to
11 section 20(1) **without regard to the reduction in subsection (2).**

1 (2) A member who is 55 years of age or older, but less than
2 60 years of age, and has 15 or more years of credited service,
3 may retire upon written application to the retirement board
4 stating a date on which he or she desires to retire. Upon
5 retirement he or she shall receive a retirement allowance
6 computed according to section 20(1). Except as otherwise
7 provided in this act, the retirement allowance of a member who
8 has less than 30 years of credited service shall be reduced by an
9 amount that is 0.5% of the retirement allowance multiplied by the
10 number of months the person's age at retirement is under
11 60 years. The reduction of 1/2 of 1% for each month and fraction
12 of a month from the member's retirement allowance effective date
13 to the date of the member's sixtieth birthday provided for in
14 this subsection does not apply to a member who retired before
15 July 1, 1974 and before attainment of age 60, with 30 or more
16 years of credited service. The retirement allowance of a
17 retirant or beneficiary of a retirant who retired before that
18 date shall be recalculated disregarding the reduction, and the
19 person receiving the retirement allowance is eligible to receive
20 an adjusted retirement allowance based on the recalculation
21 beginning October 1, 1987, but is not eligible to receive the
22 adjusted amount attributable to any month beginning before
23 October 1, 1987. The recalculated retirement allowance provided
24 by this subsection shall be paid by January 1, 1988. The
25 retirement allowance of a retirant who dies before January 1,
26 1988, and who has not nominated a retirement allowance
27 beneficiary pursuant to section 31, shall not be recalculated

1 pursuant to this subsection.

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

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

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

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

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

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

25 (ii) For a member employed by a hospital or facility owned or
26 operated by the department formerly known as the department of
27 mental health that is in the process of being closed by the

1 department formerly known as the department of mental health, the
2 period beginning on April 1, 1988 and ending on October 1, 1989.

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

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

5 (i) Southwest Michigan community living services.

6 (ii) Wayne community living services.

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

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

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

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

27 (a) The member is 51 years of age or older and has 25 or more

1 years of credited service, the last 5 of which are as an employee
2 of an agency of the department designated for closure or a
3 department inpatient facility designated for closure.

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

8 (c) The member has 25 or more years of credited service,
9 regardless of age, as an employee of an agency of the department
10 designated for closure or a department inpatient facility
11 designated for closure.

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

19 (7) Except as provided in subsection (8), a member who is
20 eligible to receive a retirement allowance under subsection (5)
21 may retire effective on the date that an agency of the department
22 or a department inpatient facility designated for closure as
23 provided in subsection (5) actually closes, upon written
24 application to the retirement board not less than 30 or more than
25 180 days before the designated official date of closure.
26 Beginning on the retirement allowance effective date, he or she
27 shall receive a retirement allowance computed according to

1 section 20(1).

2 (8) A member who is on layoff status, is not working for the
3 state, and becomes eligible to receive a retirement allowance
4 under subsection (5) and who was an employee of an agency of the
5 department or a department inpatient facility that has been
6 designated for closure as provided in subsection (5) and that
7 actually closes on or after October 1, 1989, may retire upon
8 written application to the retirement board, stating a date upon
9 which he or she wishes to retire. Beginning on the retirement
10 allowance effective date, he or she shall receive a retirement
11 allowance computed according to section 20(1).

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

17 (10) A member who is an employee of the state accident fund
18 on the date of transfer to a permitted transferee as that term is
19 defined by section 701a of the worker's disability compensation
20 act of 1969, 1969 PA 317, MCL 418.701a, may retire if the
21 member's age and his or her length of service is equal to or
22 greater than 70 years on the date of transfer. The member may
23 retire upon written application to the retirement board, stating
24 a date, not less than 30 or more than 90 days after the execution
25 and filing of the application, on which he or she desires to
26 retire. Beginning on the retirement allowance effective date, he
27 or she shall receive a retirement allowance computed according to

1 section 20(1) without regard to the reduction required by
2 subsection (2).

3 (11) A member who is an employee of the Michigan biologic
4 products institute on the date the institute is conveyed pursuant
5 to the Michigan biologic products institute transfer act, 1996
6 PA 522, MCL 333.26331 to 333.26340, may retire if the member's
7 age and his or her length of service is equal to or greater than
8 70 years on the date of the conveyance. The member may retire
9 upon written application to the retirement board, stating a date,
10 not less than 30 or more than 90 days after the execution and
11 filing of the application, on which he or she desires to retire.
12 Beginning on the retirement allowance effective date, he or she
13 shall receive a retirement allowance computed according to
14 section 20(1) without regard to the reduction required by
15 subsection (2).

16 (12) A member who is an employee of the liquor control
17 commission created by section 209 of the Michigan liquor control
18 code of 1998, 1998 PA 5, MCL 436.1209, whose employment is
19 terminated due to the privatization of the distribution of
20 spirits within this state is effectuated pursuant to the
21 resolution and order adopted by the liquor control commission on
22 February 7, 1996, a plan adopted pursuant to statute or court
23 order, or a plan adopted pursuant to both statute and order of
24 the liquor control commission 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 the privatization is effectuated. The member may
27 retire under this subsection upon written application to the

1 retirement board, stating a date, not less than 30 or more than
2 90 days after the execution and filing of the application, on
3 which he or she desires to retire. Beginning on the retirement
4 allowance effective date, he or she shall receive a retirement
5 allowance computed according to section 20(1), without regard to
6 the reduction required by subsection (2). The cost of benefits
7 paid under this section shall be paid out of the revolving fund
8 created under section 221 of the Michigan liquor control code of
9 1998, 1998 PA 58, MCL 436.1221.