

# SENATE BILL No. 953

January 11, 2006, Introduced by Senators BERNERO, CLARK-COLEMAN, PRUSI 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:**

1           Sec. 19. (1) A member who is 60 years of age or older and has  
 2   10 or more years of credited service, ~~or~~ a member who is 60 years  
 3   of age or older and has 5 or more years of credited service as  
 4   provided in section 20(4) or (5), **OR BEGINNING DECEMBER 31, 2005, A**  
 5   **MEMBER WHO IS 50 YEARS OF AGE OR OLDER AND WHOSE COMBINED AGE AND**  
 6   **AMOUNT OF CREDITED SERVICE IS EQUAL TO OR GREATER THAN 80 YEARS** may  
 7   retire upon written application to the retirement board, stating a  
 8   date on which he or she desires to retire. Beginning on the  
 9   retirement allowance effective date, he or she shall receive a

1 retirement allowance computed according to section 20(1) **WITHOUT**  
2 **REGARD TO THE REDUCTION IN SUBSECTION (2)** .

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

1 section 31, shall not be recalculated 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 retirement  
7 board stating a date, not less than 30 or more than 90 days after  
8 the execution and filing of the application, on which the member  
9 desires to retire, and which is within the early retirement  
10 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 had  
14 been restored to active service during that 6-month period pursuant  
15 to section 33.

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

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

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

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

1 period beginning on April 1, 1988 and ending on October 1, 1989.

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

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

4 (i) Southwest Michigan community living services.

5 (ii) Wayne community living services.

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

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

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

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

25 (a) The member is 51 years of age or older and has 25 or more  
26 years of credited service, the last 5 of which are as an employee  
27 of an agency of the department designated for closure or a

1 department inpatient facility designated for closure.

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

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

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

17 (7) Except as provided in subsection (8), a member who is  
18 eligible to receive a retirement allowance under subsection (5) may  
19 retire effective on the date that an agency of the department or a  
20 department inpatient facility designated for closure as provided in  
21 subsection (5) actually closes, upon written application to the  
22 retirement board not less than 30 or more than 180 days before the  
23 designated official date of closure. Beginning on the retirement  
24 allowance effective date, he or she shall receive a retirement  
25 allowance computed according to section 20(1).

26 (8) A member who is on layoff status, is not working for the  
27 state, and becomes eligible to receive a retirement allowance under

1 subsection (5) and who was an employee of an agency of the  
2 department or a department inpatient facility that has been  
3 designated for closure as provided in subsection (5) and that  
4 actually closes on or after October 1, 1989, may retire upon  
5 written application to the retirement board, stating a date upon  
6 which he or she wishes to retire. Beginning on the retirement  
7 allowance effective date, he or she shall receive a retirement  
8 allowance computed according to section 20(1).

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

13 (10) A member who is an employee of the state accident fund on  
14 the date of transfer to a permitted transferee as that term is  
15 defined by section 701a of the worker's disability compensation act  
16 of 1969, 1969 PA 317, MCL 418.701a, may retire if the member's age  
17 and his or her length of service is equal to or greater than 70  
18 years on the date of transfer. The member may retire upon written  
19 application to the retirement board, stating a date, not less than  
20 30 or more than 90 days after the execution and filing of the  
21 application, on which he or she desires to retire. Beginning on the  
22 retirement allowance effective date, he or she shall receive a  
23 retirement allowance computed according to section 20(1) without  
24 regard to the reduction required by subsection (2).

25 (11) A member who is an employee of the Michigan biologic  
26 products institute on the date the institute is conveyed pursuant  
27 to the Michigan biologic products institute transfer act, 1996 PA

1 522, MCL 333.26331 to 333.26340, may retire if the member's age and  
2 his or her length of service is equal to or greater than 70 years  
3 on the date of the conveyance. The member may retire upon written  
4 application to the retirement board, stating a date, not less than  
5 30 or more than 90 days after the execution and filing of the  
6 application, on which he or she desires to retire. Beginning on the  
7 retirement allowance effective date, he or she shall receive a  
8 retirement allowance computed according to section 20(1) without  
9 regard to the reduction required by subsection (2).

10 (12) A member who is an employee of the liquor control  
11 commission created by section 209 of the Michigan liquor control  
12 code of 1998, 1998 PA 5, MCL 436.1209, whose employment is  
13 terminated due to the privatization of the distribution of spirits  
14 within this state is effectuated pursuant to the resolution and  
15 order adopted by the liquor control commission on February 7, 1996,  
16 a plan adopted pursuant to statute or court order, or a plan  
17 adopted pursuant to both statute and order of the liquor control  
18 commission may retire if the member's age and his or her length of  
19 service is equal to or greater than 70 years on the date the  
20 privatization is effectuated. The member may retire under this  
21 subsection upon written application to the retirement board,  
22 stating a date, not less than 30 or more than 90 days after the  
23 execution and filing of the application, on which he or she desires  
24 to retire. Beginning on the retirement allowance effective date, he  
25 or she shall receive a retirement allowance computed according to  
26 section 20(1), without regard to the reduction required by  
27 subsection (2). The cost of benefits paid under this section shall

1 be paid out of the revolving fund created under section 221 of the  
2 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1221.