

HOUSE BILL No. 5769

April 1, 2004, Introduced by Reps. Sheen, Richardville, Stahl, Wenke, DeRoche, Palmer, Vander Veen, Brandenburg, Garfield, Hummel, DeRossett, Hune, LaJoy, Milosch, Acciavatti, Ehardt, Hoogendyk and Ruth Johnson and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
(MCL 38.1 to 38.69) by adding section 19k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 19k. (1) Notwithstanding section 19, a member may
2 retire and receive a retirement allowance computed under this
3 section if the member meets all of the following requirements:
- 4 (a) On or before December 1, 2004, or on the effective date
5 of his or her retirement, whichever is earlier, the member meets
6 1 or more of the following:
- 7 (i) The member's combined age and length of credited service
8 is equal to or greater than 80 years.
- 9 (ii) The member is 60 years of age or older and has 10 or
10 more years of credited service.
- 11 (b) The member is within the classified state civil service,

1 is an employee of the judicial branch, or is an individual not
2 described in subsection (2)(b).

3 (c) Except as provided in section 13(8), the member was
4 employed by this state for the 6-month period ending on the
5 effective date of his or her retirement or was an employee of the
6 state judicial council on September 30, 1996 as described in
7 section 44a. A member who is on layoff status from state
8 employment is considered to have met the employment requirement
9 of this subdivision.

10 (d) Except as may be provided otherwise in subsection (5),
11 the member executes and files a written application with the
12 retirement board, on or after November 1, 2004, but not later
13 than January 30, 2005, stating a date on or after November 1,
14 2004, but not later than December 1, 2004, on which he or she
15 desires to retire. A member may withdraw a written application
16 on or before January 15, 2005 or 7 days after the rejection of an
17 extension requested under subsection (5), whichever is later. A
18 written application submitted by a member and not withdrawn on or
19 before January 15, 2005 or 7 days after the rejection of an
20 extension requested under subsection (5), whichever is later, is
21 irrevocable.

22 (e) The member is not eligible for a supplemental early
23 retirement under section 46 as a covered employee defined in
24 section 45 on or after November 1, 2004 through the effective
25 date of the member's retirement under this section.

26 (f) The member is not a conservation officer as described in
27 section 48.

1 (2) Notwithstanding section 19, a member may retire and
2 receive a retirement allowance computed under this section if the
3 member meets all of the following requirements:

4 (a) On or before November 1, 2004, or on the effective date
5 of his or her retirement, whichever is earlier, the member's
6 combined age and length of credited service is equal to or
7 greater than 80 years or the member is 60 years of age or older
8 and has 10 or more years of credited service.

9 (b) The member is an employee of the legislature, is an
10 employee of the office of governor, or is an unclassified
11 employee within the executive branch.

12 (c) Except as provided in section 13(8), the member was
13 employed by this state or the legislature for the 6-month period
14 ending on the effective date of his or her retirement. A member
15 who is on layoff status from state employment is considered to
16 have met the employment requirement of this subdivision.

17 (d) The member executes and files a written application with
18 the retirement board, on or after July 1, 2004, but not later
19 than July 30, 2004, stating a date on or after September 1, 2004,
20 but not later than November 1, 2004, on which he or she desires
21 to retire. A member may withdraw a written application on or
22 before August 15, 2004. A written application submitted by a
23 member and not withdrawn on or before August 15, 2004 is
24 irrevocable. This subdivision is subject to subsection (5).

25 (e) The member is not eligible for a supplemental early
26 retirement under section 46 as a covered employee defined in
27 section 45 on or after July 1, 2004 through the effective date of

1 the member's retirement under this section.

2 (f) The member is not a conservation officer as described in
3 section 48.

4 (3) Any amount that a member retiring under this section
5 would otherwise be entitled to receive in a lump sum at
6 retirement on account of accumulated sick leave shall be paid in
7 60 consecutive equal monthly installments beginning on or after
8 October 1, 2004. Payments received under this subsection may not
9 be used to purchase service credit under this act. These
10 payments for accumulated sick leave are to be paid from funds
11 appropriated to the appointing authority and not from funds of
12 the retirement system. These payments are not pensions,
13 annuities, retirement allowances, optional benefits, or any other
14 rights described in section 40(1), are not exempt from taxation,
15 are subject to execution, garnishment, attachment, the operation
16 of bankruptcy or insolvency laws, or other process of law, and
17 may be assignable as provided in this act.

18 (4) Any amount that a member retiring under this section is
19 entitled to receive in a lump sum at retirement on account of
20 accumulated annual leave shall be paid on or after October 1,
21 2004. These payments are not pensions, annuities, retirement
22 allowances, optional benefits, or any other rights described in
23 section 40(1), are not exempt from taxation, are subject to
24 execution, garnishment, attachment, the operation of bankruptcy
25 or insolvency laws, or other process of law, and may be
26 assignable as provided in this act.

27 (5) The director of a principal department may request that

1 the effective date of retirement under subsection (1) of a member
2 employed by that department be extended to a date not later than
3 February 1, 2006. To make a request under this subsection, the
4 director shall submit a written request and the written
5 concurrence of the member to the office of the state employer and
6 the state budget office on or before August 31, 2004. Upon
7 receipt of the written request and concurrence, the office of the
8 state employer and the state budget office may extend the
9 effective date of retirement of a member otherwise eligible to
10 retire under subsection (1) to a date not later than February 1,
11 2006. Upon written approval of the senate majority leader for a
12 member who is an employee of the senate, the speaker of the house
13 of representatives for a member who is an employee of the house
14 of representatives, the senate majority leader and the speaker of
15 the house of representatives for a member who is an employee of
16 the office of the auditor general, director or chair of the
17 legislative retirement system for a member who is an employee of
18 the legislative retirement system, or the chair and alternate
19 chair of the legislative council for a member who is an employee
20 of an agency under the jurisdiction of the legislative council,
21 and upon written concurrence of the member, the effective date of
22 retirement for that member under subsection (2) may be extended
23 to a date not later than February 1, 2006. Upon written approval
24 of the chief justice for a member who is an employee of the
25 judicial branch, including, but not limited to, members described
26 in section 44a, and upon written concurrence of the member, the
27 effective date of retirement for that member under subsection (1)

1 may be extended to a date not later than February 1, 2006. The
2 individual or individuals who approve the extension of an
3 effective date of retirement for a member who is an employee of
4 the legislature, supreme court, or court of appeals shall submit
5 written notification to the office of retirement services of all
6 extensions approved on or before August 31, 2004.

7 (6) Upon his or her retirement as provided in this section, a
8 member who did not make an election under section 50 to terminate
9 membership in Tier 1 and become a qualified participant in Tier 2
10 shall receive a retirement allowance equal to the member's number
11 of years and fraction of a year of credited service multiplied by
12 1-3/4% of his or her final average compensation. Except for the
13 calculation provided in this subsection, the member's retirement
14 allowance is subject to section 20. The member's retirement
15 allowance is not subject to reduction pursuant to section 19(2).

16 (7) Upon his or her retirement as provided in this section, a
17 former member who made an election under section 50 to terminate
18 membership in Tier 1 and become a qualified participant in Tier 2
19 shall receive a retirement allowance equal to the member's number
20 of years and fraction of a year of credited service multiplied by
21 1/4% of his or her final average compensation. Except for the
22 calculation provided in this subsection, the former member's
23 retirement allowance is subject to section 20. The former
24 member's retirement allowance is not subject to reduction
25 pursuant to section 19(2).

26 (8) For purposes of this section, an individual who elected
27 to terminate membership under section 50 and who, but for that

1 election, would otherwise be eligible for membership in Tier 1
2 under section 13, shall be considered a member of Tier 1 for the
3 limited purpose of receiving a retirement allowance calculated
4 under this section and paid by the retirement system.