



HOUSE BILL No. 5907

May 28, 1996, Introduced by Reps. Galloway, Price, Rhead, Mathieu, Dolan, Jamian, McNutt, Tesanovich, Walberg and Gustafson and referred to the Committee on Appropriations.

A bill to amend section 19 of Act No. 240 of the Public Acts of 1943, entitled as amended

"State employees retirement act,"

as amended by Act No. 195 of the Public Acts of 1993, being section 38.19 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 19 of Act No. 240 of the Public Acts of
2 1943, as amended by Act No. 195 of the Public Acts of 1993, being
3 section 38.19 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 19. (1) A member who is 60 years of age or older and
6 has 10 or more years of credited service may retire upon written
7 application to the retirement board, stating a date, not less
8 than 30 or more than 90 days after the execution and filing of
9 the application, on which he or she desires to retire. Beginning

1 on the retirement allowance effective date, he or she shall
2 receive a retirement allowance computed according to section
3 20(1).

4 (2) A member who is 55 years of age or older, but less than
5 60 years of age, and has 15 or more years of credited service,
6 may retire upon written application to the retirement board stat-
7 ing a date, not less than 30 or more than 90 days after the exe-
8 cution and filing of the application, on which he or she desires
9 to retire. Upon retirement he or she shall receive a retirement
10 allowance computed according to section 20(1). The retirement
11 allowance of a member who has less than 30 years' credited serv-
12 ice shall be reduced by an amount ~~which~~ THAT is 0.5% of the
13 retirement allowance multiplied by the number of months the
14 person's age at retirement is under 60 years. The reduction of
15 1/2 of 1% for each month and fraction of a month from the
16 member's retirement allowance effective date to the date of the
17 member's sixtieth birthday provided for in this subsection
18 ~~shall~~ DOES not apply to a member who retired before July 1,
19 1974 and before attainment of ~~age~~ 60 YEARS OF AGE, with 30 or
20 more years of credited service. The retirement allowance of a
21 retirant or beneficiary of a retirant who retired before that
22 date shall be recalculated disregarding the reduction and the
23 person receiving the retirement allowance ~~shall be~~ IS eligible
24 to receive an adjusted retirement allowance based on the recalcu-
25 lation beginning October 1, 1987, but ~~shall~~ IS not ~~be~~ eligi-
26 ble to receive the adjusted amount attributable to any month
27 beginning before October 1, 1987. The recalculated retirement

1 allowance provided by this subsection shall be paid by January 1,
2 1988. The retirement allowance of a retirant who dies before
3 January 1, 1988, and who has not nominated a retirement allowance
4 beneficiary pursuant to section 31, shall not be recalculated
5 pursuant to this subsection.

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

10 ~~(a) The member files a written application with the retire-~~
11 ~~ment board stating a date, not less than 30 or more than 90 days~~
12 ~~after the execution and filing of the application, on which the~~
13 ~~member desires to retire, and which is within the early retire-~~
14 ~~ment effective period.~~

15 ~~(b) The member was employed by the state for the 6 month~~
16 ~~period immediately preceding the member's retirement allowance~~
17 ~~effective date. This subdivision shall not apply to a member who~~
18 ~~had been restored to active service during that 6 month period~~
19 ~~pursuant to section 33.~~

20 ~~(c) On the last day of the month immediately preceding the~~
21 ~~retirement allowance effective date stated in the application the~~
22 ~~member's combined age and length of credited service is equal to~~
23 ~~or greater than 80 years and the member is 50 years of age or~~
24 ~~older.~~

25 ~~(d) For purposes of this subsection, "early retirement~~
26 ~~effective period" means 1 of the following:~~

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

3 ~~(ii) For a member employed by a department of mental health~~
 4 ~~hospital or facility that is in the process of being closed by~~
 5 ~~the department of mental health, the period beginning on April 1,~~
 6 ~~1988 and ending on October 1, 1989.~~

7 (3) ~~(4)~~ As used in subsections ~~(5) to (9)~~ (4) TO (8):

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

9 (i) Southwest Michigan community living services.

10 (ii) Wayne community living services.

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

13 (i) A developmental disability center that is directly oper-
 14 ated by the department of mental health for purposes of providing
 15 inpatient care and treatment services to persons with developmen-
 16 tal disabilities.

17 (ii) A psychiatric hospital that is directly operated by the
 18 department of mental health for purposes of providing inpatient
 19 diagnostic and therapeutic services to persons who are mentally
 20 ill.

21 (4) ~~(5)~~ Notwithstanding any other provision of this sec-
 22 tion, a member who is an employee of an agency of the department
 23 or a department inpatient facility and is on layoff status
 24 because the agency or inpatient facility has been designated by
 25 the director of mental health for closure on or after October 1,
 26 1989, may retire as provided in subsection ~~(7) or (8)~~ (6) OR
 27 (7), as applicable, with a retirement allowance computed

1 according to section 20(1), without regard to the reduction in
2 subsection (2), upon satisfaction of ~~any~~ 1 OR MORE of the fol-
3 lowing conditions:

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

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

12 (c) The member has 25 or more years of credited service,
13 regardless of age, as an employee of an agency of the department
14 designated for closure or a department inpatient facility desig-
15 nated for closure.

16 (D) IF THE DEPARTMENT INPATIENT FACILITY DESIGNATED FOR CLO-
17 SURE HAS BEEN OPERATED BY THE DEPARTMENT OF MENTAL HEALTH FOR
18 LESS THAN 25 YEARS, THE MEMBER HAS 25 OR MORE YEARS OF CREDITED
19 SERVICE, REGARDLESS OF AGE, AND THE MEMBER MEETS BOTH OF THE FOL-
20 LOWING REQUIREMENTS:

21 (i) THE MEMBER WORKED FOR A PREDECESSOR DEPARTMENT INPATIENT
22 FACILITY BEFORE TRANSFERRING TO THE DEPARTMENT INPATIENT FACILITY
23 DESIGNATED FOR CLOSURE FOR A NUMBER OF YEARS THAT WHEN ADDED TO
24 THE NUMBER OF YEARS THE MEMBER WORKED FOR THE CLOSING DEPARTMENT
25 INPATIENT FACILITY WILL EQUAL 25 YEARS OR MORE.

26 (ii) THE MEMBER WORKED FOR THE DEPARTMENT INPATIENT FACILITY
27 DESIGNATED FOR CLOSURE FOR ALL OF THE YEARS OF ITS OPERATION.

1 (5) ~~-(6)-~~ When a department inpatient facility or agency OF
2 THE DEPARTMENT is designated for closure on or after October 1,
3 1989, the director of mental health shall certify in writing to
4 the state legislature and the retirement board, not less than 240
5 days before the designated official date of closure, which facil-
6 ity or agency is to be closed and the designated official date of
7 closure.

8 (6) ~~-(7)-~~ Except as provided in subsection ~~-(8)-~~ (7), a
9 member who is eligible to receive a retirement allowance under
10 subsection ~~-(5)-~~ (4) may retire effective on the date that an
11 agency of the department or a department inpatient facility des-
12 ignated for closure as provided in subsection ~~-(5)-~~ (4) actually
13 closes, upon written application to the retirement board not less
14 than 30 or more than 180 days before the designated official date
15 of closure. Beginning on the retirement allowance effective
16 date, he or she shall receive a retirement allowance computed
17 according to section 20(1).

18 (7) ~~-(8)-~~ A member who is on layoff status, is not working
19 for the state, and becomes eligible to receive a retirement
20 allowance under subsection ~~-(5)-~~ (4) and who was an employee of
21 an agency of the department or a department inpatient facility
22 that has been designated for closure as provided in subsection
23 ~~-(5)-~~ (4) and that actually closes on or after October 1, 1989,
24 may retire upon written application to the retirement board,
25 stating a date, not less than 30 or more than 180 days after the
26 facility actually closes, upon which he or she wishes to retire.
27 Beginning on the retirement allowance effective date, he or she

1 shall receive a retirement allowance computed according to
2 section 20(1).

3 (8) ~~-(9)-~~ Any additional accrued actuarial cost and costs
4 for health insurance resulting from the implementation of subsec-
5 tion ~~-(5)-~~ (4) shall be funded from appropriations to the depart-
6 ment of mental health for this purpose.

7 (9) ~~-(10)-~~ A member who is an employee of the state accident
8 fund on the date of transfer to a permitted transferee as that
9 term is defined by section 701a of the worker's disability com-
10 pensation act of 1969, Act No. 317 of the Public Acts of 1969,
11 being section 418.701a of the Michigan Compiled Laws, may retire
12 if the member's age and his or her length of service is equal to
13 or greater than 70 years on the date of transfer. The member may
14 retire upon written application to the retirement board, stating
15 a date, not less than 30 or more than 90 days after the execution
16 and filing of the application, on which he or she desires to
17 retire. Beginning on the retirement allowance effective date, he
18 or she shall receive a retirement allowance computed according to
19 section 20(1) without regard to the reduction required by subsec-
20 tion (2).