

SENATE BILL No. 255

February 18, 2009, Introduced by Senators KUIPERS and GLEASON and referred to the Committee on Education.

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,
and by adding section 81b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 81B. (1) NOTWITHSTANDING SECTION 81 AND SUBJECT TO
2 SUBSECTION (4), A MEMBER MAY RETIRE WITH A RETIREMENT ALLOWANCE
3 COMPUTED ACCORDING TO SECTION 84(7) IF ALL OF THE FOLLOWING APPLY:

4 (A) THE MEMBER FILES A WRITTEN APPLICATION WITH THE RETIREMENT
5 BOARD AND THE REPORTING UNIT ON OR AFTER APRIL 1, 2009 AND ON OR
6 BEFORE MARCH 31, 2010, REQUESTING A RETIREMENT ALLOWANCE EFFECTIVE
7 DATE THAT IS AT LEAST 30 DAYS AFTER THE DATE ON THE WRITTEN
8 APPLICATION AND ON OR BEFORE JUNE 30, 2010.

1 (B) THE MEMBER WAS WORKING AS A PUBLIC SCHOOL EMPLOYEE
2 IMMEDIATELY PRECEDING THE RETIREMENT ALLOWANCE EFFECTIVE DATE.

3 (C) THE MEMBER IS OTHERWISE ELIGIBLE TO RETIRE UNDER SECTION
4 81.

5 (D) IF A MEMBER IS EMPLOYED IN A CRITICAL SHORTAGE DISCIPLINE,
6 AS COMPILED BY THE STATE SUPERINTENDENT OF PUBLIC INSTRUCTION, AS
7 OF OCTOBER 8, 2008, THE MEMBER MAY EXTEND HIS OR HER RETIREMENT
8 DATE 1 YEAR BEYOND JUNE 30, 2010.

9 (E) THE MEMBER IS SELECTED TO RETIRE UNDER SUBSECTION (4).

10 (2) A MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE
11 MARCH 15, 2010. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT
12 WITHDRAWN ON OR BEFORE MARCH 15, 2010 IS IRREVOCABLE.

13 (3) A MEMBER WHO RETIRES UNDER THIS SECTION AGREES TO HAVE HIS
14 OR HER PENSION SUSPENDED FOR THE PERIOD OF EMPLOYMENT IF THE MEMBER
15 IS REHIRED BY THE PUBLIC SCHOOL SYSTEM AS AN INDEPENDENT
16 CONTRACTOR, EITHER AS AN INDIVIDUAL OR THROUGH AN EMPLOYMENT
17 AGENCY.

18 (4) THE NUMBER OF MEMBERS WHO MAY RETIRE UNDER THIS SUBSECTION
19 AND SECTION 84(7) SHALL BE LIMITED TO A NUMBER THAT LIMITS THE
20 AGGREGATE LIABILITY TO THE RETIREMENT SYSTEM TO NO MORE THAN
21 \$1,500,000,000.00 OF THE PRESENT VALUE OF FUTURE BENEFITS
22 ATTRIBUTABLE TO THE INCREASED MULTIPLIER AUTHORIZED UNDER SECTION
23 84(7) AND INCURRED IN THE APPLICABLE PLAN YEAR. MEMBERS WHO
24 OTHERWISE QUALIFY UNDER THIS SECTION SHALL BE SELECTED ACCORDING TO
25 AGE AND YEARS OF ACTUAL SERVICE AS A MEMBER WITH THE GREATEST
26 NUMBER OF ACTUAL YEARS OF SERVICE AS A MEMBER RECEIVING FIRST
27 PREFERENCE AND THE DATE THE APPLICATION IS RECEIVED WITH THE

1 EARLIEST DATED APPLICATION RECEIVING FIRST PREFERENCE. ALL
2 DETERMINATIONS CONCERNING AGGREGATE LIABILITY AND MEMBERS WHO ARE
3 PERMITTED TO RETIRE UNDER THIS SECTION SHALL BE MADE BY THE
4 RETIREMENT SYSTEM. THE AGGREGATE LIABILITY CAP SHALL BE APPLICABLE
5 ON A SCHOOL YEAR BASIS SO THAT A MEMBER WHO IS NOT PERMITTED TO
6 RETIRE AS OF JUNE 30, 2009 MAY REAPPLY FOR CONSIDERATION TO RETIRE
7 NO LATER THAN JUNE 30, 2010. IF A MEMBER IS NOT PERMITTED TO RETIRE
8 BECAUSE OF APPLICATION OF THIS SECTION, THE MEMBER'S WRITTEN
9 APPLICATION IS CONSIDERED TO BE WITHDRAWN IN A TIMELY MANNER.

10 Sec. 84. (1) Except as provided in ~~subsection~~ SUBSECTIONS (2)
11 AND (7), upon the member's retirement from service as provided in
12 section 81, a member shall receive a retirement allowance that
13 equals the product of the member's total years, and fraction of a
14 year, of credited service multiplied by 1.5% of the member's final
15 average compensation. A member shall not be allowed to use more
16 than 15 years of out of system public education service, or more
17 out of system public education service than service performed under
18 this act or former Act No. 136 of the Public Acts of 1945 unless,
19 before July 1, 1974, the member applied for out of system public
20 education service credit based upon payment of contributions for
21 the service as required under section 69, or former acts in which
22 case the total out of system public education service credited, not
23 to exceed 15 years, shall be used to compute the member's
24 retirement allowance if the minimum service requirements performed
25 under this act or former acts or as a state employee under the
26 state employees' retirement act, ~~Act No. 240 of the Public Acts of~~
27 ~~1943, as amended 1943 PA 240, MCL 38.1 TO 38.69,~~ are met. Credit

1 for state of Michigan service shall be on the same basis for
2 eligibility for retirement provided in this act as if the service
3 were performed under this act, former Act No. 136 of the Public
4 Acts of 1945, former Act No. 56 of the Public Acts of 1941, or
5 former Act No. 184 of the Public Acts of 1937.

6 (2) If a member having less than 30 years credited service
7 retires before the member's sixtieth birthday as provided in
8 section 81, the member's retirement allowance provided in
9 subsection (1) shall be reduced $1/2$ of 1% for each month, and
10 fraction of a month, within the period from the effective date of
11 the member's retirement to the date of the member's sixtieth
12 birthday, and shall continue at that same percentage after becoming
13 60 years of age.

14 (3) The reduction of $1/2$ of 1% for each month and fraction of
15 a month from the member's retirement allowance effective date to
16 the date of the member's sixtieth birthday provided for in former
17 Act No. 136 of the Public Acts of 1945, applicable to a member who
18 retired before July 1, 1974 and before attainment of age 60, shall
19 not apply to a member who retired before that date, at age 55 or
20 more, having 30 or more years of credited service. The retirement
21 allowance shall be recalculated disregarding the reduction and the
22 person receiving the retirement allowance shall be eligible to
23 receive an adjusted retirement allowance based on the recalculation
24 beginning January 1, 1986, but shall not be eligible to receive the
25 adjusted amount attributable to any month beginning before January
26 1, 1986.

27 (4) The reduction provided for in subsection (2) shall not

1 apply to a member who retires under either section 86 or 87, or to
2 a retirement allowance beneficiary who is granted an allowance
3 under section 43c(c), 89, or 90.

4 (5) The retirement allowance of a person who satisfies the
5 requirements of this subsection shall be recalculated based on 1.5%
6 of final average compensation times years of credited service. The
7 person receiving the retirement allowance shall be eligible to
8 receive an adjusted retirement allowance based on the recalculation
9 beginning January 1, 1986, but shall not be eligible to receive the
10 adjusted amount attributable to any month beginning before January
11 1, 1986. A retirement allowance shall be recalculated under this
12 subsection if 1 of the following applies:

13 (a) The retirement allowance was payable to a retirant or
14 retirement allowance beneficiary under chapter II of former Act No.
15 136 of the Public Acts of 1945 and the retirement allowance
16 effective date was on or after July 1, 1956 but before July 1,
17 1974.

18 (b) The retirement allowance was payable to a plan II retirant
19 or retirement allowance beneficiary under chapter I of former Act
20 No. 136 of the Public Acts of 1945 and the retirement allowance
21 effective date was before July 1, 1974.

22 (6) A member retiring pursuant to section 81 who acquires at
23 least 5 years of combined credited service under this act or under
24 former Act No. 136 of the Public Acts of 1945, and who is already
25 in receipt of a retirement allowance under chapter II of former Act
26 No. 136 of the Public Acts of 1945, may elect to return to the
27 retirement system any retirement allowance payments received, and

1 receive a single retirement allowance computed on the combined
2 years of service credited under this act and any former act.

3 (7) A MEMBER WHO RETIRES UNDER SECTION 81B SHALL RECEIVE A
4 RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER OF YEARS AND
5 FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY 2.0% OF HIS OR
6 HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE CALCULATION PROVIDED
7 IN THIS SUBSECTION, THE MEMBER'S RETIREMENT ALLOWANCE IS SUBJECT TO
8 REDUCTION UNDER THIS SECTION.