

SUBSTITUTE FOR  
HOUSE BILL NO. 5944

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 of  
3 age or older and has 5 or more years of credited service as  
4 provided in section 20(4) or (5) may retire upon written  
5 application to the retirement board, stating a date on which he or  
6 she desires to retire. Beginning on the retirement allowance  
7 effective date, he or she shall receive a retirement allowance  
8 computed according to section 20(1).

9           (2) A member who is 55 years of age or older, but less than 60  
10 years of age, and has 15 or more years of credited service, may  
11 retire upon written application to the retirement board stating a

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

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

1 (a) The member files a written application with the retirement  
2 board stating a date, not less than 30 or more than 90 days after  
3 the execution and filing of the application, on which the member  
4 desires to retire, and which is within the early retirement  
5 effective period.

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

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

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

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

19 (ii) For a member employed by a hospital or facility owned or  
20 operated by the department formerly known as the department of  
21 mental health that is in the process of being closed by the  
22 department formerly known as the department of mental health, the  
23 period beginning on April 1, 1988 and ending on October 1, 1989.

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

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

26 (i) Southwest Michigan community living services.

27 (ii) Wayne community living services.

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

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

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

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

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

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

1 (c) The member has 25 or more years of credited service,  
2 regardless of age, as an employee of an agency of the department  
3 designated for closure or a department inpatient facility  
4 designated for closure.

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

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

21 (8) A member who is on layoff status, is not working for the  
22 state, and becomes eligible to receive a retirement allowance under  
23 subsection (5) and who was an employee of an agency of the  
24 department or a department inpatient facility that has been  
25 designated for closure as provided in subsection (5) and that  
26 actually closes on or after October 1, 1989, may retire upon  
27 written application to the retirement board, stating a date upon

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

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

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

20 (11) A member who is an employee of the Michigan biologic  
21 products institute on the date the institute is conveyed pursuant  
22 to the Michigan biologic products institute transfer act, 1996 PA  
23 522, MCL 333.26331 to 333.26340, may retire if the member's age and  
24 his or her length of service is equal to or greater than 70 years  
25 on the date of the conveyance. The member may retire upon written  
26 application to the retirement board, stating a date, not less than  
27 30 or more than 90 days after the execution and filing of the

1 application, on which he or she desires to retire. Beginning on the  
2 retirement allowance effective date, he or she shall receive a  
3 retirement allowance computed according to section 20(1) without  
4 regard to the reduction required by subsection (2).

5 (12) A member who is an employee of the liquor control  
6 commission created by section 209 of the Michigan liquor control  
7 code of 1998, 1998 PA 5, MCL 436.1209, whose employment is  
8 terminated due to the privatization of the distribution of spirits  
9 within this state is effectuated pursuant to the resolution and  
10 order adopted by the liquor control commission on February 7, 1996,  
11 a plan adopted pursuant to statute or court order, or a plan  
12 adopted pursuant to both statute and order of the liquor control  
13 commission may retire if the member's age and his or her length of  
14 service is equal to or greater than 70 years on the date the  
15 privatization is effectuated. The member may retire under this  
16 subsection upon written application to the retirement board,  
17 stating a date, not less than 30 or more than 90 days after the  
18 execution and filing of the application, on which he or she desires  
19 to retire. Beginning on the retirement allowance effective date, he  
20 or she shall receive a retirement allowance computed according to  
21 section 20(1), without regard to the reduction required by  
22 subsection (2). The cost of benefits paid under this section shall  
23 be paid out of the revolving fund created under section 221 of the  
24 Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1221.

25 (13) A MEMBER WHO IS AN EMPLOYEE OF THE BUREAU OF JUVENILE  
26 JUSTICE IN THE DEPARTMENT OF HUMAN SERVICES ON OCTOBER 1, 2007 AND  
27 WHO IS LAID OFF OR DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR

1 BEFORE SEPTEMBER 30, 2009 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR  
2 HER LENGTH OF SERVICE IS EQUAL TO OR GREATER THAN 70 YEARS ON THE  
3 DATE THE MEMBER IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE  
4 UNDER THIS SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT  
5 BOARD, STATING A DATE, NOT LESS THAN 30 OR MORE THAN 90 DAYS AFTER  
6 THE EXECUTION AND FILING OF THE APPLICATION, ON WHICH HE OR SHE  
7 DESIRES TO RETIRE. BEGINNING ON THE RETIREMENT ALLOWANCE EFFECTIVE  
8 DATE, HE OR SHE SHALL RECEIVE A RETIREMENT ALLOWANCE COMPUTED  
9 ACCORDING TO SECTION 20(1) WITHOUT REGARD TO THE REDUCTION REQUIRED  
10 BY SUBSECTION (2).

11 (14) A MEMBER WHO IS AN EMPLOYEE OF THE BUREAU OF JUVENILE  
12 JUSTICE IN THE DEPARTMENT OF HUMAN SERVICES ON OCTOBER 1, 2007 AND  
13 WHO IS LAID OFF OR DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR  
14 BEFORE SEPTEMBER 30, 2009 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR  
15 HER LENGTH OF SERVICE IS EQUAL TO OR GREATER THAN 75 YEARS ON THE  
16 DATE THE MEMBER IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE  
17 UNDER THIS SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT  
18 BOARD, STATING A DATE, NOT LESS THAN 30 OR MORE THAN 90 DAYS AFTER  
19 THE EXECUTION AND FILING OF THE APPLICATION, ON WHICH HE OR SHE  
20 DESIRES TO RETIRE. UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS  
21 SUBSECTION, A MEMBER WHO DID NOT MAKE AN ELECTION TO TERMINATE  
22 MEMBERSHIP IN TIER 1 AND BECAME A QUALIFIED PARTICIPANT IN TIER 2  
23 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER  
24 OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY  
25 1-3/4% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE  
26 CALCULATION PROVIDED IN THIS SUBSECTION, THE MEMBER'S RETIREMENT  
27 ALLOWANCE IS SUBJECT TO SECTION 20. THE MEMBER'S RETIREMENT



1 ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO SUBSECTION (2).

2 (15) A MEMBER WHO IS EMPLOYED BY THE DEPARTMENT OF CORRECTIONS  
3 AS A STOREKEEPER OR IN A FACILITY BUSINESS OFFICE IN AN ACCOUNTING  
4 OR PROCUREMENT POSITION ON OCTOBER 1, 2007 AND WHO IS LAID OFF OR  
5 DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR BEFORE SEPTEMBER  
6 30, 2009 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR HER LENGTH OF  
7 SERVICE IS EQUAL TO OR GREATER THAN 70 YEARS ON THE DATE THE MEMBER  
8 IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE UNDER THIS  
9 SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT BOARD,  
10 STATING A DATE, NOT LESS THAN OCTOBER 1, 2007 AND BEFORE SEPTEMBER  
11 30, 2009 AFTER THE EXECUTION AND FILING OF THE APPLICATION, ON  
12 WHICH HE OR SHE DESIRES TO RETIRE. BEGINNING ON THE RETIREMENT  
13 ALLOWANCE EFFECTIVE DATE, HE OR SHE SHALL RECEIVE A RETIREMENT  
14 ALLOWANCE COMPUTED ACCORDING TO SECTION 20(1) WITHOUT REGARD TO THE  
15 REDUCTION REQUIRED BY SUBSECTION (2).

16 (16) A MEMBER WHO IS EMPLOYED BY THE DEPARTMENT OF CORRECTIONS  
17 AS A STOREKEEPER OR IN A FACILITY BUSINESS OFFICE IN AN ACCOUNTING  
18 OR PROCUREMENT POSITION ON OCTOBER 1, 2007 AND WHO IS LAID OFF OR  
19 DISPLACED ON OR AFTER OCTOBER 1, 2007 AND ON OR BEFORE SEPTEMBER  
20 30, 2009 MAY RETIRE IF THE MEMBER'S AGE AND HIS OR HER LENGTH OF  
21 SERVICE IS EQUAL TO OR GREATER THAN 75 YEARS ON THE DATE THE MEMBER  
22 IS LAID OFF OR DISPLACED. THE MEMBER MAY RETIRE UNDER THIS  
23 SUBSECTION UPON WRITTEN APPLICATION TO THE RETIREMENT BOARD,  
24 STATING A DATE, NOT LESS THAN OCTOBER 1, 2007 AND BEFORE SEPTEMBER  
25 30, 2009 AFTER THE EXECUTION AND FILING OF THE APPLICATION, ON  
26 WHICH HE OR SHE DESIRES TO RETIRE. UPON HIS OR HER RETIREMENT AS  
27 PROVIDED IN THIS SUBSECTION, A MEMBER WHO DID NOT MAKE AN ELECTION

1 TO TERMINATE MEMBERSHIP IN TIER 1 AND BECAME A QUALIFIED  
2 PARTICIPANT IN TIER 2 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO  
3 THE MEMBER'S NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED  
4 SERVICE MULTIPLIED BY 1-3/4% OF HIS OR HER FINAL AVERAGE  
5 COMPENSATION. EXCEPT FOR THE CALCULATION PROVIDED IN THIS  
6 SUBSECTION, THE MEMBER'S RETIREMENT ALLOWANCE IS SUBJECT TO SECTION  
7 20. THE MEMBER'S RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION  
8 PURSUANT TO SUBSECTION (2).

9 (17) FOR PURPOSES OF THIS SECTION, AN EMPLOYEE WHO IS  
10 DISPLACED IS AN ACTIVE EMPLOYEE WHO MUST MOVE FROM HIS OR HER  
11 ASSIGNMENT LOCATION BECAUSE OF A STAFFING IMBALANCE RESULTING FROM  
12 LAYOFFS, A REDUCTION IN FORCE, A CLOSURE, OR ANY COMBINATION  
13 THEREOF.