

HOUSE BILL No. 4422

March 1, 2005, Introduced by Reps. Sheen, Mortimer, Taub, Palmer, Garfield, Stahl, Pastor, Hummel, Gosselin, Hoogendyk, Baxter, Gaffney, Hune, Hildenbrand, Shaffer and Schuitmaker 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 RETIRE**
2 **AND RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF**
3 **THE MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:**

4 **(A) ON OR BEFORE MARCH 31, 2006, OR ON THE EFFECTIVE DATE OF**
5 **HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER MEETS 1 OR**
6 **MORE OF THE FOLLOWING:**

7 **(i) THE MEMBER'S COMBINED AGE AND LENGTH OF CREDITED SERVICE IS**
8 **EQUAL TO OR GREATER THAN 75 YEARS.**

9 **(ii) THE MEMBER IS 50 YEARS OF AGE OR OLDER AND HAS 20 OR MORE**
10 **YEARS OF CREDITED SERVICE.**

1 (B) THE MEMBER IS WITHIN THE CLASSIFIED STATE CIVIL SERVICE,
2 IS AN EMPLOYEE OF THE JUDICIAL BRANCH, OR IS AN INDIVIDUAL NOT
3 DESCRIBED IN SUBSECTION (2)(B).

4 (C) EXCEPT AS PROVIDED IN SECTION 13(8), THE MEMBER WAS
5 EMPLOYED BY THIS STATE FOR THE 6-MONTH PERIOD ENDING ON THE
6 EFFECTIVE DATE OF HIS OR HER RETIREMENT OR WAS AN EMPLOYEE OF THE
7 STATE JUDICIAL COUNCIL ON SEPTEMBER 30, 1996 AS DESCRIBED IN
8 SECTION 44A. A MEMBER WHO IS ON LAYOFF STATUS FROM STATE EMPLOYMENT
9 IS CONSIDERED TO HAVE MET THE EMPLOYMENT REQUIREMENT OF THIS
10 SUBDIVISION.

11 (D) EXCEPT AS MAY BE PROVIDED OTHERWISE IN SUBSECTION (5), THE
12 MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH THE RETIREMENT
13 BOARD, ON OR AFTER NOVEMBER 1, 2005, BUT NOT LATER THAN DECEMBER
14 31, 2005, STATING A DATE ON OR AFTER NOVEMBER 1, 2005, BUT NOT
15 LATER THAN MARCH 31, 2006, ON WHICH HE OR SHE DESIRES TO RETIRE. A
16 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE JANUARY 15,
17 2006 OR 7 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER
18 SUBSECTION (5), WHICHEVER IS LATER. A WRITTEN APPLICATION SUBMITTED
19 BY A MEMBER AND NOT WITHDRAWN ON OR BEFORE JANUARY 15, 2006 OR 7
20 DAYS AFTER THE REJECTION OF AN EXTENSION REQUESTED UNDER SUBSECTION
21 (5), WHICHEVER IS LATER, IS 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, 2005 THROUGH THE EFFECTIVE DATE
25 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 MARCH 31, 2006, OR ON THE EFFECTIVE DATE OF
5 HIS OR HER RETIREMENT, WHICHEVER IS EARLIER, THE MEMBER'S COMBINED
6 AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER THAN 75
7 YEARS OR THE MEMBER IS 50 YEARS OF AGE OR OLDER AND HAS 20 OR MORE
8 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 EMPLOYEE
11 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 WHO
15 IS ON LAYOFF STATUS FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET
16 THE EMPLOYMENT REQUIREMENT OF THIS SUBDIVISION.

17 (D) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
18 THE RETIREMENT BOARD, ON OR AFTER NOVEMBER 1, 2005, BUT NOT LATER
19 THAN DECEMBER 31, 2005, STATING A DATE ON OR AFTER NOVEMBER 1,
20 2005, BUT NOT LATER THAN MARCH 31, 2006, ON WHICH HE OR SHE DESIRES
21 TO RETIRE. A MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE
22 JANUARY 15, 2006. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND
23 NOT WITHDRAWN ON OR BEFORE JANUARY 15, 2006 IS IRREVOCABLE. THIS
24 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, 2005 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 WOULD
5 OTHERWISE BE ENTITLED TO RECEIVE IN A LUMP SUM AT RETIREMENT ON
6 ACCOUNT OF ACCUMULATED SICK LEAVE SHALL BE PAID IN 60 CONSECUTIVE
7 EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER NOVEMBER 1, 2005.
8 PAYMENTS RECEIVED UNDER THIS SUBSECTION MAY NOT BE USED TO PURCHASE
9 SERVICE CREDIT UNDER THIS ACT. THESE PAYMENTS FOR ACCUMULATED SICK
10 LEAVE ARE TO BE PAID FROM FUNDS APPROPRIATED TO THE APPOINTING
11 AUTHORITY AND NOT FROM FUNDS OF THE RETIREMENT SYSTEM. THESE
12 PAYMENTS ARE NOT PENSIONS, ANNUITIES, RETIREMENT ALLOWANCES,
13 OPTIONAL BENEFITS, OR ANY OTHER RIGHTS DESCRIBED IN SECTION 40(1),
14 ARE NOT EXEMPT FROM TAXATION, ARE SUBJECT TO EXECUTION,
15 GARNISHMENT, ATTACHMENT, THE OPERATION OF BANKRUPTCY OR INSOLVENCY
16 LAWS, OR OTHER PROCESS OF LAW, AND MAY BE ASSIGNABLE AS PROVIDED IN
17 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 NOVEMBER 1,
21 2006. 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 OR
25 INSOLVENCY LAWS, OR OTHER PROCESS OF LAW, AND MAY BE ASSIGNABLE AS
26 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 MARCH 31, 2007. TO MAKE A REQUEST UNDER THIS SUBSECTION, THE
4 DIRECTOR SHALL SUBMIT A WRITTEN REQUEST AND THE WRITTEN CONCURRENCE
5 OF THE MEMBER TO THE OFFICE OF THE STATE EMPLOYER AND THE STATE
6 BUDGET OFFICE ON OR BEFORE MARCH 31, 2006. UPON RECEIPT OF THE
7 WRITTEN REQUEST AND CONCURRENCE, THE OFFICE OF THE STATE EMPLOYER
8 AND THE STATE BUDGET OFFICE MAY EXTEND THE EFFECTIVE DATE OF
9 RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER
10 SUBSECTION (1) TO A DATE NOT LATER THAN MARCH 31, 2007. UPON
11 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS
12 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
13 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF
14 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE
15 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE
16 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE
17 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE
18 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF
19 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN
20 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON
21 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT
22 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT
23 LATER THAN MARCH 31, 2007. UPON WRITTEN APPROVAL OF THE CHIEF
24 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,
25 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,
26 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF
27 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (1) MAY BE EXTENDED TO

1 A DATE NOT LATER THAN MARCH 31, 2007. THE INDIVIDUAL OR INDIVIDUALS
2 WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF RETIREMENT FOR A
3 MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE, SUPREME COURT, OR
4 COURT OF APPEALS SHALL SUBMIT WRITTEN NOTIFICATION TO THE OFFICE OF
5 RETIREMENT SERVICES OF ALL EXTENSIONS APPROVED ON OR BEFORE MARCH
6 31, 2006.

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 MEMBER'S
24 RETIREMENT ALLOWANCE IS NOT SUBJECT TO REDUCTION PURSUANT TO
25 SECTION 19(2).

26 (8) FOR PURPOSES OF THIS SECTION, AN INDIVIDUAL WHO ELECTED TO
27 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.