

# HOUSE BILL No. 5768

April 1, 2004, Introduced by Reps. Sheen, Richardville, Stahl, Wenke, DeRoche, Palmer, Vander Veen, Brandenburg, Garfield, Hummel, DeRossett, Hune, LaJoy, Milosch, Acciavatti, Ehardt and Hoogendyk 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 19j.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 19j. (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 31, 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 75 years.

8       (b) The member is an employee of the legislature, is an  
9 employee of the office of governor, is an employee of the  
10 judicial system, or is an unclassified employee within the state  
11 civil service.

1 (c) The member was employed by this state or the legislature  
2 for the 30-month period ending on December 1, 2004. A member who  
3 is on layoff status from state employment is considered to have  
4 met the employment requirement of this subdivision.

5 (d) The member executes and files a written application with  
6 the retirement board, on or after December 1, 2004, but not later  
7 than December 31, 2004, stating a date on or after January 1,  
8 2005, but not later than February 1, 2005, on which he or she  
9 desires to retire. A member may withdraw a written application  
10 on or before January 15, 2005. A written application submitted  
11 by a member and not withdrawn on or before January 15, 2005 is  
12 irrevocable.

13 (e) The member is not employed in a covered position as  
14 defined in section 45.

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

17 (2) If a member meets all of the requirements of subsection  
18 (1) except the requirement in subsection (1)(c), the member may  
19 retire and receive a retirement allowance equal to the member's  
20 number of years and fraction of a year of credited service  
21 multiplied by 1-1/2% of his or her final average compensation.  
22 Except for the calculation provided in this subsection, the  
23 member's retirement allowance is subject to section 20. The  
24 member's retirement allowance is not subject to reduction  
25 pursuant to section 19(2).

26 (3) Any amount that a member retiring under this section  
27 would otherwise be entitled to receive in a lump sum at

1 retirement on account of accumulated sick leave shall be paid in  
2 60 consecutive equal monthly installments beginning on or after  
3 February 1, 2005. Payments received under this subsection may  
4 not be used to purchase service credit under this act. These  
5 payments for accumulated sick leave are to be paid from funds  
6 appropriated to the appointing authority and not from funds of  
7 the retirement system. These payments shall be considered  
8 taxable income under the income tax act of 1967, 1967 PA 281,  
9 MCL 206.1 to 206.532.

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

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

1 pursuant to section 19(2).

2       (6) For purposes of this section, an individual who elected  
3 to terminate membership under section 50 and who, but for that  
4 election, would otherwise be eligible for membership in Tier 1  
5 under section 13, shall be considered a member of Tier 1 for the  
6 limited purpose of receiving a retirement allowance calculated  
7 under this section and paid by the retirement system.

8       (7) An employee who retires under this section shall not be  
9 hired under contract by the state for a period of 2 years after  
10 the date of separation.