

HOUSE BILL No. 5321

January 31, 2012, Introduced by Rep. Heise and referred to the Committee on Appropriations.

A bill to amend 1980 PA 300, entitled "The public school employees retirement act of 1979," (MCL 38.1301 to 38.1437) by adding section 81d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 81D. (1) NOTWITHSTANDING SECTION 81, A MEMBER MAY RETIRE
2 WITH A RETIREMENT ALLOWANCE COMPUTED ACCORDING TO THIS SECTION IF
3 ALL OF THE FOLLOWING APPLY:

4 (A) THE MEMBER FILES A WRITTEN APPLICATION WITH THE RETIREMENT
5 BOARD WITHIN THE INCENTIVIZED RETIREMENT APPLICATION PERIOD STATING
6 A RETIREMENT ALLOWANCE EFFECTIVE DATE THAT IS ON OR AFTER JULY 1,
7 2012 BUT NOT LATER THAN SEPTEMBER 1, 2012. A MEMBER MAY WITHDRAW A
8 WRITTEN APPLICATION SUBMITTED BY A MEMBER ON OR BEFORE JUNE 11,
9 2012. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN
10 ON OR BEFORE JUNE 11, 2012 IS IRREVOCABLE.

1 (B) ON THE LAST DAY OF THE MONTH IMMEDIATELY PRECEDING THE
2 RETIREMENT ALLOWANCE EFFECTIVE DATE STATED IN THE APPLICATION, THE
3 MEMBER'S COMBINED AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR
4 GREATER THAN 80 YEARS OR THE MEMBER IS ELIGIBLE TO RETIRE UNDER
5 SECTION 81 WITH A RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO
6 REDUCTION UNDER SECTION 84(2).

7 (C) THE MEMBER WAS EMPLOYED AS A PUBLIC SCHOOL EMPLOYEE FOR
8 THE 6-MONTH PERIOD ENDING MAY 1, 2012. A MEMBER WHO HAS WORKED IN
9 THE 6-MONTH PERIOD ENDING MAY 1, 2012 AND IS ON LAYOFF OR ON AN
10 APPROVED LEAVE OF ABSENCE STATUS FROM REPORTING UNIT EMPLOYMENT IS
11 CONSIDERED TO HAVE MET THE EMPLOYMENT REQUIREMENT OF THIS
12 SUBDIVISION.

13 (2) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A
14 MEMBER WHO RETIRES WITH A RETIREMENT EFFECTIVE DATE ON OR BEFORE
15 SEPTEMBER 1, 2012 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE
16 MEMBER'S NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
17 MULTIPLIED BY 1.6% OF THE MEMBER'S FINAL AVERAGE COMPENSATION IF
18 THE FINAL AVERAGE COMPENSATION IS \$90,000.00 OR LESS AND THE MEMBER
19 IS ELIGIBLE TO RETIRE UNDER SECTION 81 WITH A RETIREMENT ALLOWANCE
20 THAT IS NOT SUBJECT TO REDUCTION UNDER SECTION 84(2). IF THE MEMBER
21 IS ELIGIBLE TO RETIRE UNDER SECTION 81 WITH A RETIREMENT ALLOWANCE
22 THAT IS NOT SUBJECT TO REDUCTION UNDER SECTION 84(2) AND HAS A
23 FINAL AVERAGE COMPENSATION THAT IS GREATER THAN \$90,000.00, THE
24 RETIREMENT ALLOWANCE SHALL BE EQUAL TO THE MEMBER'S NUMBER OF YEARS
25 AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY 1.6% OF
26 HIS OR HER FINAL AVERAGE COMPENSATION UP TO A FINAL AVERAGE
27 COMPENSATION OF \$90,000.00 AND THE REMAINING PORTION OF THE

1 RETIREMENT ALLOWANCE SHALL BE EQUAL TO THE MEMBER'S NUMBER OF YEARS
2 AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY 1.5% OF
3 THE PORTION OF FINAL AVERAGE COMPENSATION OVER \$90,000.00. FOR
4 MEMBERS ELIGIBLE UNDER THIS SECTION BECAUSE THE MEMBER'S COMBINED
5 AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER THAN 80
6 YEARS, UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A
7 MEMBER WHO RETIRES WITH A RETIREMENT EFFECTIVE DATE ON OR BEFORE
8 SEPTEMBER 1, 2012 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE
9 MEMBER'S NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
10 MULTIPLIED BY 1.55% OF THE MEMBER'S FINAL AVERAGE COMPENSATION IF
11 THE FINAL AVERAGE COMPENSATION IS \$90,000.00 OR LESS. FOR MEMBERS
12 ELIGIBLE TO RETIRE UNDER THIS SECTION BECAUSE THE MEMBER'S COMBINED
13 AGE AND LENGTH OF CREDITED SERVICE IS EQUAL TO OR GREATER THAN 80
14 YEARS WHOSE FINAL AVERAGE COMPENSATION IS GREATER THAN \$90,000.00,
15 THE RETIREMENT ALLOWANCE SHALL BE CALCULATED SO THAT THE MEMBER
16 RECEIVES A PORTION OF HIS OR HER RETIREMENT ALLOWANCE EQUAL TO THE
17 MEMBER'S NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE
18 MULTIPLIED BY 1.55% OF HIS OR HER FINAL AVERAGE COMPENSATION UP TO
19 A FINAL AVERAGE COMPENSATION OF \$90,000.00 AND THE REMAINING
20 PORTION OF THE RETIREMENT ALLOWANCE SHALL BE CALCULATED AS EQUAL TO
21 THE MEMBER'S NUMBER OF YEARS AND FRACTION OF A YEAR OF CREDITED
22 SERVICE MULTIPLIED BY 1.5% OF THE PORTION OF FINAL AVERAGE
23 COMPENSATION OVER \$90,000.00.

24 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE
25 SUPERINTENDENT FOR A REPORTING UNIT OR THE CHIEF ADMINISTRATOR FOR
26 A REPORTING UNIT THAT DOES NOT HAVE A SUPERINTENDENT MAY EXTEND THE
27 EFFECTIVE DATE OF RETIREMENT UNDER SUBSECTION (1) OF A MEMBER

1 EMPLOYED BY THAT REPORTING UNIT TO A DATE NOT LATER THAN SEPTEMBER
2 1, 2013. EACH REPORTING UNIT HAVING A MEMBER WHO ELECTS TO RETIRE
3 UNDER THIS SECTION MAY EXTEND THE RETIREMENT EFFECTIVE DATE OF 1
4 MEMBER UNDER THIS SECTION. UP TO AN ADDITIONAL 2,500 EXTENSIONS
5 SHALL BE ALLOTTED TO REPORTING UNITS USING A PRO-RATA METHODOLOGY
6 DETERMINED BY THE RETIREMENT SYSTEM. THE RETIREMENT SYSTEM SHALL
7 NOTIFY REPORTING UNITS OF ANY ADDITIONAL EXTENSION ALLOTMENTS BY
8 MAY 22, 2012. TO MAKE AN EXTENSION UNDER THIS SUBSECTION, THE
9 SUPERINTENDENT OR CHIEF ADMINISTRATOR SHALL SUBMIT TO THE
10 RETIREMENT SYSTEM NOTIFICATION OF MEMBERS WHOSE RETIREMENT DATES
11 THE SUPERINTENDENT OR CHIEF ADMINISTRATOR WILL EXTEND ALONG WITH
12 THE WRITTEN CONCURRENCE OF THE MEMBER ON OR BEFORE JUNE 15, 2012.
13 THE SUPERINTENDENT OR CHIEF ADMINISTRATOR SHALL NOT REQUEST, AND
14 THE RETIREMENT SYSTEM SHALL NOT IMPLEMENT, THE EXTENSION OF A
15 MEMBER THAT EXCEEDS THE NUMBER OF EXTENSIONS ALLOTTED TO HIS OR HER
16 REPORTING UNIT.

17 (4) FOR PURPOSES OF THIS SECTION, "INCENTIVIZED RETIREMENT
18 APPLICATION PERIOD" MEANS THE PERIOD BEGINNING ON THE EFFECTIVE
19 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND ENDING ON
20 JUNE 11, 2012.

21 (5) ANY ADDITIONAL COSTS TO THE RETIREMENT SYSTEM AS A RESULT
22 OF THE RETIREMENT ALLOWANCE CALCULATIONS UNDER THIS SECTION SHALL
23 BE AMORTIZED OVER A 5-YEAR PERIOD.