



Legislation Summary – Public Act 185

State Employees Retirement System

Incentive provisions for individuals retiring between November 1, 2010, and January 1, 2011.

- Provides a 1.6 percent multiplier for those who meet regular retirement age and service eligibility by December 31, 2010, for a January 1 retirement effective date (or earlier if retiring with effective dates of November 1 or December 1, 2010).

Following are the regular retirement provisions for state employees:

- Age 55 with at least 30 years of service, or
 - Age 60 with at least 10 years of service, or
 - Age 60 with at least 5 years of service for unclassified employees.
- Provides a 1.55 percent multiplier for those who do not meet the regular eligibility described above, but have a combined age and years of service totaling 80 by the retirement effective dates of November 1 or December 1, 2010, or January 1, 2011. Members can use both earned and purchased service.
- Provides a 1.55 percent multiplier for those who have 30 years of service. Members can use both earned and purchased service to reach the 30 year requirement.
- For applicants to receive the incentive multiplier they must apply for effective dates of November 1 or December 1, 2010, or January 1, 2011. Applications can be rescinded.

For effective date:	Deadline to apply or make changes:	Deadline to rescind:
November 1, 2010	5:00 p.m. EDT, Friday, October 22, 2010	5:00 p.m. EDT, Friday, October 22, 2010
December 1 2010 or January 1, 2011	5:00 p.m. EDT, Friday, November 5, 2010	5:00 p.m. EDT, Friday, November 5, 2010

Your application becomes irrevocable if you do not rescind by the dates listed above.

- For those who earn more than \$90,000, the increased multiplier is applied to the first \$90,000 of the final average compensation. Any portion of the FAC higher than \$90,000 would be included in the pension calculation, but would use the 1.5 percent multiplier.
- Those who are in a covered position and are eligible to retire under the normal retirement eligibility rules listed above, the rule of 80, or 30 years can choose to retire under the increased multiplier, or if eligible, can choose to receive their regular pension, but not both. Conservation officers who are eligible to retire under the normal retirement eligibility rules listed above, the rule of 80, or 30 years can choose to retire under the increased multiplier, or if eligible, can choose to receive their regular pension, but not both.
- An applicant who retires under the retirement incentive agrees to forfeit any amount of accumulated annual leave, sick leave, and other deferred leave hours or other additional amounts they would have otherwise been eligible to receive at retirement (excluding banked leave time). Instead, those who retire under the incentive will receive a supplement for 60 months, in addition to their pension, in payments of 1/60th the amount they forfeited as described above. The payments will begin in January 2011.
- Employment extensions for individual employees can be requested by the appointing authority and approved as outlined in the bill. The extended employee can retire no later than July 1, 2011.

Reform provisions for those working after October 1, 2010.

- All state employees will begin contributing 3 percent of their compensation to the retiree health care fund. Contributions will begin with the first pay date in November and are scheduled to end on September 30, 2013.

A link to the full copy of the law can be found on our website: www.michigan.gov/orsstatedb