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Irla v. Public School Employees Retirement System

Court of Appeals of Michigan - December 23, 2014 - Not Reported in N.W.2d - 2014 WL 7338900

Michael Irla worked for the Lamphere School District as a psychologist for more than 30 years. During that time, he earned a pension and was entitled to participate in a medical benefit plan for retirees. In June 2010, he applied for his retirement benefits and retired effective July 1, 2010. After retiring, Irla applied for part-time work as a school psychologist with Therapy Solutions Unlimited. Therapy Solutions placed Irla as a school psychologist with several schools in the Lamphere district over the course of the 2010 to 2011 school year.

Just a few weeks before Irla's retirement, on May 19, 2010, the governor signed 2010 PA 75, which took immediate effect. That act added MCL 38.1361(8). Under that statute, a retiree will forfeit his or her retirement allowance and health care benefit during any period that he or she performs core services for a reporting unit through a third-party or as an independent contractor.

Irla was ordered to repay \$34,000 in pension and insurance payments that were paid on his behalf during the period within which he performed core services for a reporting unit.

In April 2013, Irla sued the Public School Employees Retirement System for declaratory and injunctive relief. He alleged that the Legislature did not have the authority to enact MCL 38.1361(8) because that forfeiture provision impaired or diminished his accrued pension benefit in violation of Const 1963, art 9, § 24. In a second count, Irla alleged that the statute violated Michigan's due process clause, Const 1963, art 1, § 17, by arbitrarily and unnecessarily interfering with his right to pursue his profession.

The Court of Appeals ruled that the trial court correctly determined that MCL 38.1361(8) does not violate Const 1963, art 9, § 24, or Const 1963, art 1, § 17.