

SENATE BILL No. 579

October 30, 1991, Introduced by Senator N. SMITH and referred to the Committee on Finance.

A bill to amend section 40 of Act No. 240 of the Public Acts of 1943, entitled as amended
"State employees' retirement act,"
as amended by Act No. 48 of the Public Acts of 1991, being section 38.40 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 40 of Act No. 240 of the Public Acts of
2 1943, as amended by Act No. 48 of the Public Acts of 1991, being
3 section 38.40 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 40. (1) The right of a person to a pension, an annui-
6 ty, a retirement allowance, any optional benefit, any other right
7 accrued or accruing to any person under the provisions of this
8 act, the various funds created by this act, and all money and
9 investments and income of the funds, are exempt from any ~~state,~~

1 county, municipal, or other local tax, and shall not be subject
2 to execution, garnishment, attachment, the operation of bank-
3 ruptcy or insolvency laws, or other process of law, and shall be
4 unassignable except as otherwise provided in this act.

5 (2) The right of a member, member on deferred retirement
6 status under section 20(4), or retirant to a pension, an annuity,
7 a retirement allowance, any optional benefit, accumulated contri-
8 butions, or any other benefit under the provisions of this act
9 shall be subject to award by a court pursuant to section 18 of
10 chapter 84 of the Revised Statutes of 1846, being section 552.18
11 of the Michigan Compiled Laws, and to any other order of a court
12 pertaining to alimony or child support. The right of a member,
13 deferred member, or retirant to a pension, an annuity, a retire-
14 ment allowance, or an optional benefit under this act is subject
15 to an eligible domestic relations order under the eligible domes-
16 tic relations order act.

17 (3) If an award or order described in subsection (2)
18 requires the retirement system to withhold payment of a pension,
19 deferred pension, accumulated contributions, or other benefit
20 from the person to whom it is due or requires the retirement
21 system to make payment or requires the person to request that the
22 retirement system make payment of a pension, deferred pension,
23 accumulated contributions, or other benefit, for the purpose of
24 meeting the person's obligations to a spouse, former spouse or
25 child, as provided in subsection (2), the withholding or payment
26 provisions of the award or order shall be effective only against
27 such amounts as they become payable to the person receiving a

1 retirement allowance unless otherwise provided in an eligible
2 domestic relations order under the eligible domestic relations
3 order act. The limitation contained in this subsection shall not
4 apply to the accumulated contributions of a person who has termi-
5 nated employment before acquiring a vested member status.

6 Section 2. This amendatory act shall not take effect unless
7 all of the following bills of the 86th Legislature are enacted
8 into law:

9 (a) Senate Bill No. 131.

10 (b) Senate Bill No. 577.

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12 (c) Senate Bill No. 578.

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