



HOUSE BILL No. 4320

February 18, 1993, Introduced by Reps. Bryant, Griffin and DeMars and referred to the Committee on Public Retirement.

A bill to amend sections 22, 50a, and 50b of Act No. 261 of the Public Acts of 1957, entitled as amended "Michigan legislative retirement system act," section 22 as amended by Act No. 123 of the Public Acts of 1981 and sections 50a and 50b as amended by Act No. 58 of the Public Acts of 1987, being sections 38.1022, 38.1050a, and 38.1050b of the Michigan Compiled Laws; and to add section 22c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 22, 50a, and 50b of Act No. 261 of the
2 Public Acts of 1957, section 22 as amended by Act No. 123 of the
3 Public Acts of 1981 and sections 50a and 50b as amended by Act
4 No. 58 of the Public Acts of 1987, being sections 38.1022,
5 38.1050a, and 38.1050b of the Michigan Compiled Laws, are amended
6 and section 22c is added to read as follows:

1 Sec. 22. (1) The survivors' retirement fund is created IN
2 THE RETIREMENT SYSTEM. The RETIREMENT SYSTEM SHALL ACCUMULATE IN
3 THE survivors' retirement fund ~~shall accumulate~~ reserves for
4 the payment of retirement allowances to survivors, as defined in
5 section 13a. ~~and~~ THE RETIREMENT SYSTEM shall pay the SURVIVOR
6 retirement allowances FROM THE SURVIVORS' RETIREMENT FUND. Each
7 member shall make contributions to the survivors' retirement fund
8 of ~~1%~~ .5% of each payment of salary received ON AND after
9 ~~September 26, 1957, but not exceeding~~ OCTOBER 1, 1993. A
10 MEMBER SHALL NOT MAKE CONTRIBUTIONS TO THE SURVIVORS' RETIREMENT
11 FUND FOR MORE THAN 20 years. The contributions shall be made by
12 payroll deductions and each member is considered to consent and
13 agree to the deductions as a condition of membership in the
14 retirement system.

15 (2) Upon the basis of mortality and other experience tables
16 ~~and~~ and the prescribed rate of interest ~~as~~ THAT the board
17 ~~shall adopt~~ ADOPTS, the actuary shall compute annually the
18 retirement reserves for retirement allowances being paid survi-
19 vors, and to be paid survivors upon the deaths of members,
20 deferred vested members, and retirants, as provided in this act.
21 It is the intention of this act that the retirement reserves
22 shall be financed by appropriations made by ~~the~~ THIS state,
23 determined pursuant to subsections (3), (4), and (5).

24 (3) The state's appropriation for survivors' retirement
25 allowances to be paid upon the death of members, deferred vested
26 members, and retirants shall be an amount ~~which~~ THAT will
27 provide the net reserves, after allowing for members'

1 contributions to the survivors' retirement fund and transfers to
2 be made to the fund from the members' savings fund, or other
3 available funds for retirement allowances to be paid to survivors
4 of members, deferred vested members, and retirants who will prob-
5 ably die during the next ensuing fiscal year.

6 (4) The state's appropriation for survivors' retirement
7 allowances to be paid upon the death of retirants shall be an
8 amount determined pursuant to the financing methods provided for
9 in section 20(2) and (3).

10 (5) The state's appropriation for survivors' retirement
11 allowances being paid from the survivors' retirement fund shall
12 be an amount ~~which~~ THAT if paid annually over a period of years
13 to be determined by the board, but not to exceed 50 years, will
14 amortize at the prescribed rate of interest the unfunded reserves
15 for the retirement allowances.

16 SEC. 22C. (1) THE HEALTH RESERVE FUND IS CREATED IN THE
17 RETIREMENT SYSTEM. THE RETIREMENT SYSTEM SHALL DEPOSIT INTO THE
18 HEALTH RESERVE FUND THE MEMBER CONTRIBUTIONS FOR HEALTH BENEFITS
19 REQUIRED BY THIS SECTION AND STATE APPROPRIATIONS. THE RETIRE-
20 MENT SYSTEM SHALL DISBURSE FROM THE HEALTH RESERVE FUND THE PRE-
21 MIUMS FOR DENTAL, HOSPITAL, AND MEDICAL COVERAGE INSURANCE AS
22 REQUIRED BY SECTION 50B.

23 (2) A MEMBER SHALL MAKE CONTRIBUTIONS TO THE HEALTH RESERVE
24 FUND OF 1% OF EACH PAYMENT OF SALARY RECEIVED ON AND AFTER
25 OCTOBER 1, 1993. THE CONTRIBUTIONS SHALL BE MADE BY PAYROLL
26 DEDUCTIONS AND EACH MEMBER IS CONSIDERED TO CONSENT TO THE
27 DEDUCTIONS AS A CONDITION OF MEMBERSHIP IN THE RETIREMENT SYSTEM.

1 Sec. 50a. (1) The grants and insurance revolving fund is
2 created in the state treasury as a separate fund, into which
3 shall be paid legislative grants, earnings from the fund, pay-
4 ments by or on behalf of members, and revenue from other sources
5 accepted by the board. Money appropriated to the GRANTS AND
6 INSURANCE REVOLVING fund shall not revert to the general fund at
7 the close of the fiscal year but shall remain in the GRANTS AND
8 INSURANCE REVOLVING fund. The legislative grants in the GRANTS
9 AND INSURANCE REVOLVING fund shall not be expended except upon
10 express direction of the legislature; but all other money in the
11 GRANTS AND INSURANCE REVOLVING fund may be expended for the pur-
12 poses and in the manner provided in this section.

13 (2) Each legislator or member shall pay a sum equal to ~~1%~~
14 .5% of salary common to all members to the GRANTS AND INSURANCE
15 REVOLVING fund to be eligible for the benefits provided in this
16 section. The sum shall be collected by payroll deductions in the
17 manner prescribed in this act.

18 (3) The board ~~may~~ SHALL purchase and pay the premiums on a
19 life insurance policy or policies providing death or other bene-
20 fits for retirants, deferred vested members, and the spouses,
21 eligible children, or eligible beneficiaries of retirants and
22 deferred vested members from the amounts paid pursuant to
23 subsection (2) for this purpose to the grants and insurance
24 revolving fund. Life insurance benefits currently provided on
25 ~~the effective date of this subsection~~ JUNE 23, 1987 shall not
26 be diminished due to the amendments to this section by ~~the 1987~~

~~1 amendatory act that added this subsection~~ ACT NO. 58 OF THE
2 PUBLIC ACTS OF 1987.

3 Sec. 50b. ~~The board may~~ BEGINNING OCTOBER 1, 1993, THE
4 RETIREMENT SYSTEM SHALL purchase and pay the premiums on dental,
5 hospital, and medical ~~coverage~~ insurance COVERAGE for retir-
6 ants, deferred vested members, and the spouses, eligible chil-
7 dren, and survivors of retirants and deferred vested members.
8 ~~from appropriations made for this purpose to the grants and~~
9 ~~insurance revolving fund.~~ THE RETIREMENT SYSTEM SHALL PROVIDE
10 DENTAL, HOSPITAL, AND MEDICAL INSURANCE COVERAGE UNDER THIS SEC-
11 TION AT A LEVEL THAT IS EQUAL TO OR GREATER THAN THE LEVEL OF
12 DENTAL, HOSPITAL, AND MEDICAL INSURANCE COVERAGE IN EFFECT ON
13 DECEMBER 1, 1992.