



HOUSE BILL No. 4824

June 3, 1993, Introduced by Reps. Fitzgerald, Hammerstrom, Rhead, Harder, Barns and Schroer and referred to the Committee on Public Retirement.

A bill to amend sections 23, 24, 55, and 57 of Act No. 261 of the Public Acts of 1957, entitled as amended "Michigan legislative retirement system act," section 23 as amended by Act No. 512 of the Public Acts of 1988, section 24 as amended by Act No. 58 of the Public Acts of 1987, section 55 as amended by Act No. 185 of the Public Acts of 1981, and section 57 as amended by Act No. 39 of the Public Acts of 1985, being sections 38.1023, 38.1024, 38.1055, and 38.1057 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 23, 24, 55, and 57 of Act No. 261 of
2 the Public Acts of 1957, section 23 as amended by Act No. 512 of
3 the Public Acts of 1988, section 24 as amended by Act No. 58 of
4 the Public Acts of 1987, section 55 as amended by Act No. 185 of
5 the Public Acts of 1981, and section 57 as amended by Act No. 39

1 of the Public Acts of 1985, being sections 38.1023, 38.1024,
2 38.1055, and 38.1057 of the Michigan Compiled Laws, are amended
3 to read as follows:

4 Sec. 23. (1) A member or deferred vested member who meets
5 the following requirements ~~shall be~~ IS entitled to a retirement
6 allowance:

7 (a) The member or deferred vested member qualifies under 1
8 of the following:

9 (i) Has not less than 8 years of service.

10 (ii) Has not less than 6 years of service, and has been
11 elected, qualified, and seated not less than 4 times for full or
12 partial terms if a member of the house or not less than 2 times
13 if a member of the senate elected after November 7, 1966, or has
14 not less than 6 years of service and has been elected, qualified,
15 and seated not less than 2 times for full or partial terms as a
16 member of the house and not less than 1 time as a member of the
17 senate elected after November 7, 1966.

18 (iii) Effective January 1, 1987, has not less than 5 years
19 of service and has been elected, qualified, and seated for a full
20 or partial term not less than 3 times if a member of the house or
21 not less than 2 times if a member of the senate, or not less than
22 1 time as a member of the house and not less than 1 time as a
23 member of the senate.

24 (b) The member or deferred vested member ~~has attained~~ IS
25 55 years of age OR OLDER.

26 (c) The member or deferred vested member has filed with the
27 board a written application for a retirement allowance that

1 states the years of service, the highest salary received during
2 the member's or deferred vested member's service before applica-
3 tion, and the date the member or deferred vested member desires
4 to be retired, which date shall be not more than 90 days after
5 the execution and filing of the application.

6 (2) A member ~~shall~~ IS not ~~be~~ entitled to receive a
7 retirement allowance provided for in this section or section 23d
8 while serving as a legislator or lieutenant governor. Each
9 person receiving benefits under this act consents and agrees as a
10 condition of receiving the benefits that benefits of any nature
11 shall not be paid while the person is a legislator or lieutenant
12 governor.

13 (3) A deferred vested member who left service after December
14 31, 1974, and before January 1, 1979, and who becomes a retirant
15 ~~shall be~~ IS entitled to an annual retirement allowance of 30%
16 of the salary stated in the application for the first 8 years of
17 service plus 3.75% for each of the next 8 years of service. A
18 fraction of a year of service in excess of 8 years shall be
19 prorated. If the retirant has less than 8 years of service but
20 qualifies by the election method, the retirement allowance shall
21 be that proportion of 30% that his or her years of service and
22 fraction of a year of service bears to 8 years. Years of service
23 listed in the application need not be consecutive but shall ~~have~~
24 ~~been~~ BE rendered before payment of the retirement allowance.
25 Except as provided in section 23c, a retirement allowance shall
26 not exceed 60% of the salary stated in the application.

1 (4) A member who retired after December 31, 1978 and before
2 January 1, 1987, or a deferred vested member who left service
3 after December 31, 1978 and before January 1, 1987, and becomes a
4 retirant, ~~shall be~~ IS entitled to an annual retirement allow-
5 ance of 32% of the salary stated in his or her application for
6 the first 8 years of service plus 4% for each of the next 8 years
7 of service. A fraction of a year of service in excess of 8 years
8 shall be prorated. If the member or deferred vested member has
9 less than 8 years of service but qualifies by the election
10 method, the retirement allowance shall be that proportion of 32%
11 that his or her years of service and fraction of a year of serv-
12 ice bears to 8 years. Years of service listed in the application
13 need not be consecutive, but shall have been rendered before pay-
14 ment of the retirement allowance. Except as provided in section
15 23c, a retirement allowance shall not exceed 64% of the salary
16 stated in the application.

17 (5) A member who retires after December 31, 1986, or a
18 deferred vested member who leaves service after December 31,
19 1986, and becomes a retirant, ~~shall be~~ IS entitled to an annual
20 retirement allowance of 20% of the salary stated in his or her
21 application for the first 5 years of service plus 4% for each of
22 the next 11 years of service. A fraction of a year of service in
23 excess of 5 years shall be prorated. Years of service listed in
24 the application need not be consecutive, but shall have been
25 rendered before payment of the retirement allowance. Except as
26 provided in this subsection and section 23c, a retirement
27 allowance shall not exceed 64% of the salary stated in the

1 application. Effective January 1, 1987, however, a member who
2 has 16 or more years of service ~~shall~~ IS also ~~be~~ entitled to
3 a longevity allowance of 1.0% of the member's salary for each
4 year of service beyond 16 years but, except as otherwise provided
5 in this subsection, not to exceed 20 years. Except as provided
6 in this subsection and section 23c, the retirement allowance of a
7 member entitled to a longevity allowance shall not exceed 68% of
8 the salary stated in the application. Beginning January 1, 1989,
9 a member who has 20 or more years of service and who meets the
10 age and service requirements or service requirements to be eligi-
11 ble to receive a retirement allowance under this act ~~shall be~~
12 IS entitled to a longevity allowance of 1.0% of the member's
13 salary for each year of service beyond 20 years.

14 (6) A retirant who elects to purchase military service
15 credit pursuant to section 11(2) shall have his or her retirement
16 allowance recalculated to include the military service credit
17 purchased pursuant to that section. The first payment of the
18 recalculated retirement allowance shall be made effective with
19 the first check after the recalculation is made.

20 (7) The retirement allowance of a retirant who, on
21 January 1, 1987, satisfied the conditions required by
22 section 9(3) shall have his or her retirement allowance recalcu-
23 lated to reflect the increase in salary for those years permitted
24 by section 9(3) before the member became a retirant.

25 (8) Within 30 days after becoming 55 years of age, a
26 deferred vested member may elect to defer receipt of the
27 retirement allowance to which the member is entitled under this

1 act to a date certain, not to exceed 70-1/2 years of age. At the
2 date the member designates to begin receipt of his or her retire-
3 ment allowance, the member's retirement allowance shall be actu-
4 arially recomputed to reflect the member's age and life
5 expectancy at initial receipt of the deferred retirement
6 allowance.

7 (9) Notwithstanding subsection (1), a member or deferred
8 vested member may retire with a retirement allowance computed
9 according to the applicable provisions of this section if all of
10 the following apply:

11 (a) The member or deferred vested member files a written
12 application with the retirement board stating a date, not less
13 than 30 nor more than 90 days after the execution and filing of
14 the application, on which the member or deferred vested member
15 desires to retire.

16 (b) On the last day of the month immediately preceding the
17 retirement allowance effective date stated in the application,
18 the member's or deferred vested member's combined age and length
19 of credited service is equal to or greater than 70 years and the
20 member or deferred vested member is 50 years of age or older.

21 (10) A member who retires before January 1, 1987 or a
22 deferred vested member who leaves service before January 1, 1987
23 and becomes a retirant, ~~shall~~, in addition to the retirement
24 allowance calculated under subsection (3) or (4), ~~be~~ IS enti-
25 tled to a longevity allowance if the retirant or deferred vested
26 member has more than 16 years of service. The longevity
27 allowance is 1.0% of the former member's salary stated in the

1 application for each year of service beyond 16 years but, except
2 as otherwise provided in this subsection, not to exceed 20
3 YEARS. A member who retires before January 1, 1987 or a deferred
4 vested member who leaves service before January 1, 1987 and
5 becomes a retirant, ~~shall~~, in addition to the retirement allow-
6 ance calculated under subsection (3) or (4), ~~be~~ IS entitled to
7 a longevity allowance of 1.0% of the former member's salary
8 stated in the application for each year of service beyond
9 20 years that was served after the member met the age and service
10 requirements or service requirements to be eligible to receive a
11 retirement allowance under this act. The retirement allowance of
12 a retirant who satisfies the conditions under this subsection
13 shall have his or her retirement allowance recalculated to
14 reflect the longevity allowance for those years permitted by this
15 subsection effective January 1, 1987 or the date of retirement,
16 whichever is later. The application of the longevity allowance
17 to the retirant's retirement allowance under this subsection
18 shall be applied before the provisions of section 23c are applied
19 to that retirement allowance. Except as provided in this subsec-
20 tion and section 23c, a retirement allowance shall not exceed 68%
21 of the salary stated in the application.

22 (11) A RETIREMENT ALLOWANCE PAYABLE UNDER THIS SECTION IS
23 SUBJECT TO AN ELIGIBLE DOMESTIC RELATIONS ORDER UNDER THE ELIGI-
24 BLE DOMESTIC RELATIONS ORDER ACT, ACT NO. 46 OF THE PUBLIC ACTS
25 OF 1991, BEING SECTIONS 38.1701 TO 38.1711 OF THE MICHIGAN
26 COMPILED LAWS.

1 Sec. 24. (1) Unless otherwise provided by the member
2 pursuant to this act, the surviving spouse of a deceased member,
3 deferred vested member, or retirant having the service qualifica-
4 tions required by section 23 ~~shall be~~ IS entitled to receive a
5 survivor's retirement allowance for life payable from the
6 survivors' retirement fund. The survivor's retirement allowance
7 shall be payable beginning on the day after the date of death of
8 the member or deferred vested member, or beginning in the month
9 after the month of death in the case of a retirant. If an eligi-
10 ble child or children also survive the member, deferred vested
11 member, or retirant, and the child or children are under the care
12 of the eligible surviving spouse, the survivor's retirement
13 allowance shall begin as of the day after the date of death of
14 the member or deferred vested member or the month after the month
15 of death in the case of a retirant, without regard to whether the
16 surviving spouse has attained 55 years of age. The benefits to
17 an eligible child or children shall continue whether or not the
18 surviving spouse remarries. If the eligible child or children,
19 or any of them, are not under the care of the eligible surviving
20 spouse, at the specific designation of the deceased member,
21 deferred vested member, or retirant as provided in this act, a
22 survivor's retirement allowance shall begin for the benefit of
23 the eligible child or children as of the day after the date of
24 death of the member or deferred vested member, or beginning in
25 the month after the month of death in the case of a retirant. A
26 deduction from the monthly survivor's retirement allowance shall

1 not be made for any fraction of a month remaining at the time of
2 a survivor's death or becoming ineligible.

3 (2) The survivor's retirement allowance shall be equal to
4 $66\frac{2}{3}\%$ of the retirement allowance ~~which~~ THAT the deceased
5 member, deferred vested member, or retirant had earned on the
6 date of death, as a member, deferred vested member, or retirant.
7 If an eligible survivor, regardless of age, has in his or her
8 care an eligible child or children of the deceased member,
9 deferred vested member, or retirant, the survivor's retirement
10 allowance shall be 75% of the retirement allowance, but when all
11 the children have become ineligible, the survivor's retirement
12 allowance shall be $66\frac{2}{3}\%$ of the retirement allowance.

13 (3) An adopted child of a member, DEFERRED VESTED MEMBER, OR
14 RETIRANT for the purposes of this act shall have the same status
15 as a natural child of a member, DEFERRED VESTED MEMBER, OR
16 RETIRANT.

17 (4) If there is not a surviving spouse but an eligible child
18 exists, or if an eligible child survives a surviving spouse, then
19 the survivor's retirement allowance otherwise payable to the sur-
20 viving spouse shall be paid in equal parts to each eligible child
21 until the child becomes ineligible, and the total of the
22 survivor's retirement allowance paid to any other child shall not
23 be diminished because of the attainment of ineligible age, mar-
24 riage, or death of an eligible child.

25 (5) Marriage or attainment of ineligible age, whichever
26 occurs first, shall render a child of a member, deferred vested
27 member, or retirant ineligible for further consideration in the

1 payment of a survivor's retirement allowance or in the increase
2 in the amount of the survivor's retirement allowance under this
3 act.

4 (6) If the deceased member, deferred vested member, or
5 retirant is survived by an eligible child or children who are not
6 under the care of an eligible surviving spouse and if the
7 deceased member, deferred vested member, or retirant has filed a
8 written designation with the board, the survivor's retirement
9 allowance or a part of it shall be paid to or for the benefit of
10 the eligible child or children in the shares and in the manner as
11 provided in the written designation. The deceased member,
12 deferred vested member, or retirant may provide in the written
13 designation that payment of all or any part of the survivor's
14 retirement allowance to a surviving spouse not having the care of
15 all of the eligible children shall be deferred until the children
16 become ineligible.

17 (7) If there is not a written designation by a member,
18 deferred vested member, or retirant, and if the surviving spouse
19 is not the biological parent of an eligible child or children,
20 the survivor's retirement allowance shall be divided equally
21 among the eligible survivors.

22 (8) Unless designated by a member, deferred vested member,
23 or retirant, when an eligible child or all of the eligible chil-
24 dren become ineligible, the surviving spouse at the time of the
25 ~~member~~ MEMBER'S, deferred vested ~~member~~ MEMBER'S, or
26 retirant's death shall receive the entire survivor's retirement
27 allowance.

1 (9) A SURVIVOR'S RETIREMENT ALLOWANCE PAYABLE UNDER THIS
2 SECTION IS SUBJECT TO AN ELIGIBLE DOMESTIC RELATIONS ORDER UNDER
3 THE ELIGIBLE DOMESTIC RELATIONS ORDER ACT, ACT NO. 46 OF THE
4 PUBLIC ACTS OF 1991, BEING SECTIONS 38.1701 TO 38.1711 OF THE
5 MICHIGAN COMPILED LAWS.

6 Sec. 55. (1) A member who does not meet the requirement of
7 section 23(1)(a) upon leaving service, or a deferred vested
8 member who is no longer a member, upon written request, shall
9 receive, with interest at 4% compounded annually, a refund of all
10 of his or her contributions standing to his or her credit in the
11 members' savings fund. By accepting the refund a member who does
12 not meet the requirement of section 23(1)(a) upon leaving service
13 or a deferred vested member forfeits all accrued rights and bene-
14 fits in the retirement system and loses credit for all service
15 rendered to ~~the~~ THIS state for which credit is given under this
16 act. A member who does not meet the requirement of section
17 23(1)(a) upon leaving service or a deferred vested member who
18 accepts a refund, and again becomes a member, may receive service
19 credit for prior service by paying to the retirement system,
20 within 180 days after he or she again becomes a member, the full
21 amount of money he or she has received as a refund together with
22 interest at 6% per annum compounded annually from the time of the
23 refund until the time of repayment.

24 (2) A member, deferred vested member, or retirant who is not
25 married and does not have an eligible child may designate in
26 writing a beneficiary to receive the contributions that the
27 member, deferred vested member, or retirant made to the

1 survivors' retirement fund. Upon the death of a member, deferred
2 vested member, or retirant who designated a beneficiary pursuant
3 to this subsection, the survivors' retirement fund contributions
4 made by the deceased member, deferred vested member, or retirant
5 shall be paid to the named beneficiary. If a beneficiary was not
6 named pursuant to this subsection, then the contributions shall
7 be paid to the estate of the deceased member, deferred vested
8 member, or retirant upon request by the authorized representative
9 of the deceased's estate. Contributions paid pursuant to this
10 subsection shall be paid with interest at 4% compounded annually
11 beginning at the time the member, deferred vested member, or
12 retirant last made a contribution.

13 (3) A REFUND OF CONTRIBUTIONS UNDER THIS SECTION IS SUBJECT
14 TO AN ELIGIBLE DOMESTIC RELATIONS ORDER UNDER THE ELIGIBLE DOMES-
15 TIC RELATIONS ORDER ACT, ACT NO. 46 OF THE PUBLIC ACTS OF 1991,
16 BEING SECTIONS 38.1701 TO 38.1711 OF THE MICHIGAN COMPILED LAWS.

17 Sec. 57. (1) Except as provided in subsection (2), all
18 retirement allowances and other benefits payable under this act
19 and all accumulated credits of members, deferred vested members,
20 and retirants in this retirement system are unassignable and
21 ~~shall~~ ARE not ~~be~~ subject to execution, garnishment, or
22 attachment, or to taxation by ~~the~~ THIS state or any ~~of its~~
23 political subdivisions OF THIS STATE.

24 (2) All retirement allowances and other benefits payable
25 under this act and all accumulated contributions of members,
26 deferred vested members, and retirants in this retirement system
27 ~~shall be~~ ARE subject to award by a court pursuant to section 18

1 of chapter 84 of the Revised Statutes of 1846, being section
2 552.18 of the Michigan Compiled laws, and to any other order of a
3 court pertaining to ALIMONY OR child support. ALL RETIREMENT
4 ALLOWANCES AND OTHER BENEFITS PAYABLE UNDER THIS ACT AND ALL
5 ACCUMULATED CONTRIBUTIONS OF MEMBERS, DEFERRED VESTED MEMBERS,
6 AND RETIRANTS IN THIS RETIREMENT SYSTEM ARE SUBJECT TO ELIGIBLE
7 DOMESTIC RELATIONS ORDERS UNDER THE ELIGIBLE DOMESTIC RELATIONS
8 ORDER ACT, ACT NO. 46 OF THE PUBLIC ACTS OF 1991, BEING SECTIONS
9 38.1701 TO 38.1711 OF THE MICHIGAN COMPILED LAWS.

10 (3) If an award or order described in subsection (2)
11 requires the retirement system to withhold payment of a pension,
12 deferred pension, accumulated contributions, or other benefit
13 from the person to whom it is due or requires the retirement
14 system to make payment or requires the person to request that the
15 retirement system make payment of a pension, deferred pension,
16 accumulated contributions, or other benefit, for the purpose of
17 meeting the person's obligations to a spouse, former spouse or
18 child, as provided in subsection (2), the withholding or payment
19 provisions of the award or order shall be effective only against
20 ~~such~~ THOSE amounts as they become payable to the person receiv-
21 ing a retirement allowance UNLESS OTHERWISE PROVIDED IN AN ELIGI-
22 BLE DOMESTIC RELATIONS ORDER UNDER ACT NO. 46 OF THE PUBLIC ACTS
23 OF 1991. The limitation contained in this subsection ~~shall~~
24 DOES not apply to the accumulated contributions of a person who
25 has terminated employment ~~prior to~~ BEFORE acquiring a vested
26 member status.