

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4173

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending sections 1a, 17j, 19, and 31 (MCL 38.1a, 38.17j, 38.19, and 38.31), section 1a as amended by 1995 PA 176, section 17j as amended by 1989 PA 9, section 19 as amended by 1996 PA 521, and section 31 as amended by 1991 PA 48, and by adding section 17m; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1a. (1) "Accumulated contributions" means the sum of  
2 all amounts deducted from the compensation of a member and cred-  
3 ited to the member's individual account in the employees' savings  
4 fund, together with regular interest on that account.

5       (2) "Actuarial cost" means ~~a single percentage that, when~~  
6 ~~multiplied by a member's fiscal year compensation, will result in~~  
7 ~~the average actuarial present value of the additional benefits~~

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1 ~~resulting from the crediting of 1 additional year of service.~~  
2 ~~This single percentage shall be based on the members who utilize~~  
3 ~~those sections of this act that permit the purchase of service.~~  
4 ~~For purchases of service credit made before December 31, 1990,~~  
5 ~~the single percentage shall be 9%. Beginning December 31, 1990~~  
6 ~~and every 3 years thereafter, the single percentage shall be com-~~  
7 ~~puted based upon actual experience. If the computation results~~  
8 ~~in an increase or decrease in the percentage, not less than 6~~  
9 ~~months' notice shall be given to the members.~~ AN AMOUNT THAT  
10 SHALL BE PAID, EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY THIS  
11 ACT, BY A MEMBER TO PURCHASE ADDITIONAL SERVICE CREDIT AS ALLOWED  
12 UNDER THIS ACT. ACTUARIAL COST SHALL BE COMPUTED AS PROVIDED IN  
13 SECTION 17J.

14 (3) "Annuity" means annual payments for life derived from  
15 the accumulated contributions of a member. An annuity shall be  
16 paid in equal monthly installments.

17 (4) "Annuity reserve" means the present value, computed upon  
18 the basis of mortality and other tables adopted by the retirement  
19 board, of all payments to be made on account of an annuity, or  
20 benefits in lieu of an annuity, granted to a member under this  
21 act.

22 (5) "Appointing authority" means the departmental officer  
23 who has the responsibility of making appointments and handling  
24 all other personnel transactions affecting the employees in the  
25 agency that the officer represents.

26 Sec. 17j. (1) On and after June 23, 1987, a member who is  
27 otherwise entitled to purchase service credit under section 17g,

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1 17h, 17i, ~~or~~ 17k, 17l, OR 17M shall not purchase a combined  
2 total of more than 10 years of service credit under those  
3 sections.

4 (2) On and after June 23, 1987, a member who under section  
5 17c, 17e, 17f, 17g, 17h, 17i, 17k, 17l, 17M, or 18(2) is other-  
6 wise entitled to purchase service credit may purchase ~~such~~ THE  
7 service credit in separate increments equal to 1 or more full  
8 years, or a remaining fraction of a year, if any, or both.  
9 Partial purchase of service credit under this section ~~shall~~  
10 DOES not bar future purchases otherwise in compliance with this  
11 section and the provisions of this act authorizing the purchase,  
12 but computation of the amount of payment due shall be made sepa-  
13 rately for each purchase.

14 (3) If a member who made payment under this section dies and  
15 a retirement allowance is not payable or if the member leaves  
16 service with ~~the~~ THIS state before his or her retirement allow-  
17 ance becomes effective, the payment made by the member shall be  
18 refunded upon request to the member, to the person designated by  
19 the member in writing to the board, or if a person is not desig-  
20 nated, then to the member's legal representative or estate.

21 (4) ACTUARIAL COST SHALL BE EQUAL TO THE PRODUCT OF SUBDIVI-  
22 SIONS (A), (B), AND (C):

23 (A) A PERCENTAGE, DETERMINED BY THE RETIREMENT BOARD AND THE  
24 DEPARTMENT, THAT WHEN MULTIPLIED BY A MEMBER'S COMPENSATION, AS  
25 DETERMINED UNDER SUBDIVISION (B), RESULTS IN THE AVERAGE ACTUAR-  
26 IAL PRESENT VALUE OF THE ADDITIONAL BENEFITS RESULTING FROM THE  
27 CREDITING OF 1 ADDITIONAL YEAR OF SERVICE. THE PERCENTAGE MAY

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1 VARY BECAUSE OF AGE, CREDITED SERVICE, OR BENEFIT COVERAGE. AN  
2 INCREASE OR DECREASE IN THE PERCENTAGE UNDER THIS SUBDIVISION  
3 SHALL NOT BECOME EFFECTIVE BEFORE THE EXPIRATION OF 6 MONTHS OR  
4 MORE AFTER THE RETIREMENT BOARD NOTIFIES THE MEMBERS OF THE  
5 INCREASE OR DECREASE.

6 (B) A MEMBER'S COMPENSATION. THE MEMBER'S COMPENSATION  
7 SHALL BE THE MEMBER'S COMPENSATION EARNED IN THE FISCAL YEAR  
8 IMMEDIATELY BEFORE THE FISCAL YEAR IN WHICH THE APPLICATION TO  
9 PURCHASE AND PAYMENT FOR THE SERVICE ARE MADE. THE COMPENSATION  
10 AMOUNT USED SHALL NOT BE LESS THAN THE HIGHEST COMPENSATION PRE-  
11 VIOUSLY EARNED BY THE MEMBER.

12 (C) THE NUMBER OF YEARS, INCLUDING ANY FRACTION OF A YEAR,  
13 OF CREDITED SERVICE A MEMBER ELECTS TO PURCHASE UP TO THE MAXIMUM  
14 ALLOWED.

15 SEC. 17M. (1) A MEMBER MAY ELECT TO PURCHASE NOT MORE THAN  
16 5 YEARS OF SERVICE CREDIT LESS THE NUMBER OF YEARS OF SERVICE  
17 CREDIT PURCHASED UNDER SECTIONS 17E, 17F, AND 17K, UPON REQUEST  
18 AND PAYMENT TO THE RETIREMENT SYSTEM OF THE ACTUARIAL COST.

19 (2) SERVICE CREDIT PURCHASED UNDER THIS SECTION MAY NOT BE  
20 USED TO SATISFY THE MINIMUM NUMBER OF YEARS OF SERVICE CREDIT  
21 REQUIRED TO RECEIVE A RETIREMENT ALLOWANCE UNDER THIS ACT.

22 (3) IF A MEMBER WHO MADE PAYMENT UNDER THIS SECTION DIES AND  
23 A RETIREMENT ALLOWANCE IS NOT PAYABLE, OR IF THE MEMBER LEAVES  
24 SERVICE AND A RETIREMENT ALLOWANCE IS NOT PAYABLE, THE PAYMENT  
25 MADE BY THE MEMBER SHALL BE REFUNDED UPON REQUEST TO THE MEMBER,  
26 THE MEMBER'S REFUND BENEFICIARY, IF ANY, OR TO THE MEMBER'S LEGAL  
27 REPRESENTATIVE OR ESTATE.

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1       Sec. 19. (1) A member who is 60 years of age or older and  
2 has 10 or more years of credited service OR A MEMBER WHO IS 60  
3 YEARS OF AGE OR OLDER AND HAS 5 OR MORE YEARS OF CREDITED SERVICE  
4 AS PROVIDED IN SECTION 20(4) OR (5) may retire upon written  
5 application to the retirement board, stating a date, not less  
6 than 30 or more than 90 days after the execution and filing of  
7 the application, on which he or she desires to retire. Beginning  
8 on the retirement allowance effective date, he or she shall  
9 receive a retirement allowance computed according to section  
10 20(1).

11       (2) A member who is 55 years of age or older, but less than  
12 60 years of age, and has 15 or more years of credited service,  
13 may retire upon written application to the retirement board stat-  
14 ing a date, not less than 30 or more than 90 days after the exe-  
15 cution and filing of the application, on which he or she desires  
16 to retire. Upon retirement he or she shall receive a retirement  
17 allowance computed according to section 20(1). ~~The~~ EXCEPT AS  
18 OTHERWISE PROVIDED IN THIS ACT, THE retirement allowance of a  
19 member who has less than 30 ~~years~~ YEARS OF credited service  
20 shall be reduced by an amount ~~which~~ THAT is 0.5% of the retire-  
21 ment allowance multiplied by the number of months the person's  
22 age at retirement is under 60 years. The reduction of 1/2 of 1%  
23 for each month and fraction of a month from the member's retire-  
24 ment allowance effective date to the date of the member's six-  
25 tieth birthday provided for in this subsection does not apply to  
26 a member who retired before July 1, 1974 and before attainment of  
27 age 60, with 30 or more years of credited service. The

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1 retirement allowance of a retirant or beneficiary of a retirant  
2 who retired before that date shall be recalculated disregarding  
3 the reduction, and the person receiving the retirement allowance  
4 is eligible to receive an adjusted retirement allowance based on  
5 the recalculation beginning October 1, 1987, but is not eligible  
6 to receive the adjusted amount attributable to any month begin-  
7 ning before October 1, 1987. The recalculated retirement allow-  
8 ance provided by this subsection shall be paid by January 1,  
9 1988. The retirement allowance of a retirant who dies before  
10 January 1, 1988, and who has not nominated a retirement allowance  
11 beneficiary pursuant to section 31, shall not be recalculated  
12 pursuant to this subsection.

13 (3) Notwithstanding any other provision of this section,  
14 effective April 1, 1988, a member may retire with a retirement  
15 allowance computed according to section 20(1), without regard to  
16 the reduction in subsection (2), if all of the following apply:

17 (a) The member files a written application with the retire-  
18 ment board stating a date, not less than 30 or more than 90 days  
19 after the execution and filing of the application, on which the  
20 member desires to retire, and which is within the early retire-  
21 ment effective period.

22 (b) The member was employed by the state for the 6-month  
23 period immediately preceding the member's retirement allowance  
24 effective date. This subdivision does not apply to a member who  
25 had been restored to active service during that 6-month period  
26 pursuant to section 33.

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1 (c) On the last day of the month immediately preceding the  
2 retirement allowance effective date stated in the application,  
3 the member's combined age and length of credited service is equal  
4 to or greater than 80 years and the member is 50 years of age or  
5 older.

6 (d) For purposes of this subsection, "early retirement  
7 effective period" means 1 of the following:

8 (i) Except as provided in subparagraph (ii), the period  
9 beginning on April 1, 1988 and ending on April 1, 1989.

10 (ii) For a member employed by a hospital or facility owned  
11 or operated by the department formerly known as the department of  
12 mental health that is in the process of being closed by the  
13 department formerly known as the department of mental health, the  
14 period beginning on April 1, 1988 and ending on October 1, 1989.

15 (4) As used in subsections (5) to (9):

16 (a) "Agency of the department" means 1 of the following:

17 (i) Southwest Michigan community living services.

18 (ii) Wayne community living services.

19 (b) "Department inpatient facility" means 1 of the  
20 following:

21 (i) A developmental disability center that is directly oper-  
22 ated by the department formerly known as the department of mental  
23 health for purposes of providing inpatient care and treatment  
24 services to persons with developmental disabilities.

25 (ii) A psychiatric hospital that is directly operated by the  
26 department formerly known as the department of mental health for

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1 purposes of providing inpatient diagnostic and therapeutic  
2 services to persons who are mentally ill.

3 (5) Notwithstanding any other provision of this section, a  
4 member who is an employee of an agency of the department or a  
5 department inpatient facility and is on layoff status because the  
6 agency or inpatient facility has been designated by the state  
7 officer formerly known as the director of mental health for clo-  
8 sure on or after October 1, 1989, may retire as provided in sub-  
9 section (7) or (8), as applicable, with a retirement allowance  
10 computed according to section 20(1), without regard to the reduc-  
11 tion in subsection (2), upon satisfaction of any 1 of the follow-  
12 ing conditions:

13 (a) The member is 51 years of age or older and has 25 or  
14 more years of credited service, the last 5 of which are as an  
15 employee of an agency of the department designated for closure or  
16 a department inpatient facility designated for closure.

17 (b) The member is at least 56 years of age and has 10 or  
18 more years of credited service, the last 5 of which are as an  
19 employee of an agency of the department designated for closure or  
20 a department inpatient facility designated for closure.

21 (c) The member has 25 or more years of credited service,  
22 regardless of age, as an employee of an agency of the department  
23 designated for closure or a department inpatient facility desig-  
24 nated for closure.

25 (6) When a department inpatient facility or agency is desig-  
26 nated for closure on or after October 1, 1989, the state officer  
27 formerly known as the director of mental health shall certify in

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1 writing to the state legislature and the retirement board, not  
2 less than 240 days before the designated official date of clo-  
3 sure, which facility or agency is to be closed and the designated  
4 official date of closure.

5       (7) Except as provided in subsection (8), a member who is  
6 eligible to receive a retirement allowance under subsection (5)  
7 may retire effective on the date that an agency of the department  
8 or a department inpatient facility designated for closure as pro-  
9 vided in subsection (5) actually closes, upon written application  
10 to the retirement board not less than 30 or more than 180 days  
11 before the designated official date of closure. Beginning on the  
12 retirement allowance effective date, he or she shall receive a  
13 retirement allowance computed according to section 20(1).

14       (8) A member who is on layoff status, is not working for the  
15 state, and becomes eligible to receive a retirement allowance  
16 under subsection (5) and who was an employee of an agency of the  
17 department or a department inpatient facility that has been des-  
18 ignated for closure as provided in subsection (5) and that actu-  
19 ally closes on or after October 1, 1989, may retire upon written  
20 application to the retirement board, stating a date, not less  
21 than 30 or more than 180 days after the than facility actually  
22 closes, upon which he or she wishes to retire. Beginning on the  
23 retirement allowance effective date, he or she shall receive a  
24 retirement allowance computed according to section 20(1).

25       (9) Any additional accrued actuarial cost and costs for  
26 health insurance resulting from the implementation of subsection  
27 (5) shall be funded from appropriations to the department

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1 formerly known as the department of mental health for this  
2 purpose.

3       (10) A member who is an employee of the state accident fund  
4 on the date of transfer to a permitted transferee as that term is  
5 defined by section 701a of the worker's disability compensation  
6 act of 1969, ~~Act No. 317 of the Public Acts of 1969, being sec-~~  
7 ~~tion 418.701a of the Michigan Compiled Laws~~ 1969 PA 317, MCL  
8 418.701A, may retire if the member's age and his or her length of  
9 service is equal to or greater than 70 years on the date of  
10 transfer. The member may retire upon written application to the  
11 retirement board, stating a date, not less than 30 or more than  
12 90 days after the execution and filing of the application, on  
13 which he or she desires to retire. Beginning on the retirement  
14 allowance effective date, he or she shall receive a retirement  
15 allowance computed according to section 20(1) without regard to  
16 the reduction required by subsection (2).

17       (11) A member who is an employee of the Michigan biologic  
18 products institute on the date the institute is conveyed pursuant  
19 to the Michigan biologic products institute transfer act, 1996 PA  
20 522, MCL 333.26331 TO 333.26340, may retire if the member's age  
21 and his or her length of service is equal to or greater than 70  
22 years on the date of the conveyance. The member may retire upon  
23 written application to the retirement board, stating a date, not  
24 less than 30 or more than 90 days after the execution and filing  
25 of the application, on which he or she desires to retire.  
26 Beginning on the retirement allowance effective date, he or she  
27 shall receive a retirement allowance computed according to

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1 section 20(1) without regard to the reduction required by  
2 subsection (2).

3       (12) A member who is an employee of the liquor control com-  
4 mission created by section 5 of the Michigan liquor control act,  
5 ~~Act No. 8 of the Public Acts of the Extra Session of 1933, being~~  
6 ~~section 436.5 of the Michigan Compiled Laws~~ 1933 (EX SESS) PA 8,  
7 MCL 436.5, whose employment is terminated due to the privatiza-  
8 tion of the distribution of spirits within this state is effectu-  
9 ated pursuant to the resolution and order adopted by the liquor  
10 control commission on February 7, 1996, a plan adopted pursuant  
11 to statute or court order, or a plan adopted pursuant to both  
12 statute and order of the liquor control commission may retire if  
13 the member's age and his or her length of service is equal to or  
14 greater than 70 years on the date the privatization is  
15 effectuated. The member may retire under this subsection upon  
16 written application to the retirement board, stating a date, not  
17 less than 30 or more than 90 days after the execution and filing  
18 of the application, on which he or she desires to retire.  
19 Beginning on the retirement allowance effective date, he or she  
20 shall receive a retirement allowance computed according to  
21 section 20(1), without regard to the reduction required by  
22 subsection (2). The cost of benefits paid under this section  
23 shall be paid out of the revolving fund created under section 10  
24 of ~~Act No. 8 of the Public Acts of the Extra Session of 1933,~~  
25 ~~being section 436.10 of the Michigan Compiled Laws~~ THE MICHIGAN  
26 LIQUOR CONTROL ACT, 1933 (EX SESS) PA 8, MCL 436.10.

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1       Sec. 31. (1) Except as provided in subsection (6), before  
2 the effective date of retirement, but not after the effective  
3 date of retirement, a member or deferred member who is eligible  
4 for retirement, as provided in ~~section 19, 19a, 21, 24, 46, or~~  
5 ~~48~~ THIS ACT, shall elect to receive his or her benefit in a  
6 retirement allowance payable throughout life, which shall be  
7 called a regular retirement allowance, or to receive the actuar-  
8 ial equivalent at that time of his or her regular retirement  
9 allowance in a reduced retirement allowance payable throughout  
10 the lives of the retirant and a retirement allowance beneficiary,  
11 pursuant to 1 of the following PAYMENT options:

12       (a) Option A. Upon the retirant's death his or her reduced  
13 retirement allowance shall be continued throughout the life of  
14 and paid to the retirement allowance beneficiary whom the member  
15 nominated by written designation duly executed and filed with the  
16 retirement board before the effective date of his or her  
17 retirement.

18       (b) Option B. Upon the retirant's death, 1/2 of his or her  
19 reduced retirement allowance shall be continued throughout the  
20 life of and paid to the retirement allowance beneficiary whom the  
21 member nominated by written designation duly executed and filed  
22 with the retirement board before the effective date of his or her  
23 retirement.

24       (c) OPTION C. ON AND AFTER JANUARY 1, 2000, UPON THE  
25 RETIRANT'S DEATH, 3/4 OF HIS OR HER REDUCED RETIREMENT ALLOWANCE  
26 SHALL BE CONTINUED THROUGHOUT THE LIFE OF AND PAID TO THE  
27 RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER NOMINATED BY

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1 WRITTEN DESIGNATION DULY EXECUTED AND FILED WITH THE RETIREMENT  
2 BOARD BEFORE THE EFFECTIVE DATE OF HIS OR HER RETIREMENT.

3 (2) Except as provided in subsections (3) and (8), the elec-  
4 tion of ~~an~~ A PAYMENT option UNDER SUBSECTION (1) shall not be  
5 changed on or after the effective date of the retirement  
6 allowance. A retirement allowance beneficiary designated under  
7 this section shall not be changed on or after the effective date  
8 of the retirement allowance, and shall be either a spouse, broth-  
9 er, sister, parent, child, including an adopted child, or grand-  
10 child of the person making the designation. Payment to a retire-  
11 ment allowance beneficiary shall begin on the first day of the  
12 month following the death of the retirant or member.

13 (3) If the retirement allowance beneficiary named under A  
14 PAYMENT option ~~A or B~~ under subsection (1) predeceases the  
15 retirant, the retirant's benefit shall revert to the regular  
16 retirement allowance, effective with the first day of the month  
17 following the retirement allowance beneficiary's death. For a  
18 retirant whose effective date of retirement was on or before  
19 June 28, 1976, this subsection shall apply, but the regular  
20 retirement allowance is not payable for any month beginning  
21 before the later of the retirement allowance beneficiary's death  
22 or January 1, 1986. A retirant who on January 1, 1986 is receiv-  
23 ing a reduced retirement allowance because the retirant desig-  
24 nated a retirement allowance beneficiary and the retirement  
25 allowance beneficiary predeceased the retirant is eligible to  
26 receive the regular retirement allowance beginning January 1,

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1 1986, but the regular retirement allowance is not payable for any  
2 month beginning before January 1, 1986.

3 (4) A member who continues in the employ of this state on  
4 and after the date he or she acquires 10 years of service credit  
5 or becomes eligible for deferred retirement as provided by sec-  
6 tion 20(4) or (5), whichever occurs first, may by written decla-  
7 ration duly executed and filed with the retirement board elect  
8 option A, provided for in subsection (1)(a), and nominate a  
9 retirement allowance beneficiary in the same manner as if the  
10 member were then retiring from service, notwithstanding that the  
11 member may not have attained 60 years of age. ~~In the case of~~  
12 IF the beneficiary's death or divorce from the member OCCURS  
13 before the effective date of the member's retirement, the  
14 member's election of option A and nomination of retirement allow-  
15 ance beneficiary shall be automatically revoked and the member  
16 may again elect option A and nominate a retirement allowance ben-  
17 eficiary at any time before the effective date of retirement. If  
18 a member who has made an election and nominated a retirement  
19 allowance beneficiary as provided in this subsection dies before  
20 the effective date of his or her retirement, then the retirement  
21 allowance beneficiary shall immediately receive the retirement  
22 allowance that he or she would have been entitled to receive  
23 under option A if the member had been regularly retired on the  
24 date of the member's death. Except as otherwise provided by sub-  
25 section (5), if a member who has made an election under this sub-  
26 section subsequently retires under this act, his or her election  
27 of option A shall take effect at the time of retirement. Subject

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1 to the requirements of subsection (5), the member, ~~may,~~ before  
2 the effective date of retirement, but not after the effective  
3 date of retirement, MAY revoke his or her previous election of  
4 option A and elect to receive his or her retirement allowance as  
5 a regular retirement allowance or under option B OR C as provided  
6 for in subsection ~~(1)(b)~~ (1). A retirement allowance shall not  
7 be paid under this subsection on account of the death of a member  
8 if any benefits are paid under section 27 on account of his or  
9 her death. If a deferred member who has an option A election in  
10 effect dies before the effective date of his or her retirement,  
11 the retirement allowance payable under option A shall be paid to  
12 the retirement allowance beneficiary at the time the deceased  
13 deferred member otherwise would have been eligible to begin  
14 receiving benefits.

15 (5) If a member, deferred member, retiring member, or retir-  
16 ing deferred member is married at the effective date of the  
17 retirement allowance, an election under this section, other than  
18 an election of ~~an~~ A PAYMENT option under subsection (1) naming  
19 the spouse as retirement allowance beneficiary, shall not be  
20 effective unless the election is signed by the spouse. However,  
21 this requirement may be waived by the retirement board if the  
22 signature of a spouse cannot be obtained because of extenuating  
23 circumstances. As used in this subsection, "spouse" means the  
24 person to whom the member, deferred member, retiring member, or  
25 retiring deferred member is married at the effective date of the  
26 retirement allowance.

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1           (6) Until July 1, 1991, upon request in a form as determined  
2 by the retirement board, a nonduty disability retirant who  
3 retired under section 24 may change his or her election to  
4 receive a disability retirement allowance computed as a regular  
5 retirement allowance and elect to receive the actuarial equiva-  
6 lent at the time of the election pursuant to this subsection of  
7 his or her disability retirement allowance in a reduced retire-  
8 ment allowance payable to the retirant and the retirant's spouse  
9 pursuant to the provisions of A PAYMENT option ~~A or B~~ as pro-  
10 vided in subsection (1), if the disability retirement allowance  
11 effective date was before November 12, 1985 and the retirant had  
12 25 or more years of credited service on the disability retirement  
13 allowance effective date. The nonduty disability retirant shall  
14 begin to receive the reduced retirement allowance under this sub-  
15 section effective the first day of the month following the month  
16 in which the retirant makes the election pursuant to this  
17 subsection. As used in this subsection, "spouse" means the  
18 person to whom the nonduty disability retirant was married on the  
19 effective date of his or her disability retirement allowance and  
20 on the date the retirant makes the election pursuant to this  
21 subsection.

22           (7) If a member who continues in the employ of ~~the~~ THIS  
23 state on and after the date he or she acquires 10 years of serv-  
24 ice credit, or on and after the date he or she becomes eligible  
25 for deferred retirement as provided by section 20(4) or (5),  
26 whichever occurs first, and who does not have an election of  
27 option A in force as provided in subsection (4), dies before the

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1 effective date of retirement and leaves a surviving spouse, the  
2 spouse shall receive a retirement allowance computed in the same  
3 manner as if the member had retired effective the day before the  
4 date of his or her death, elected option A, and nominated the  
5 spouse as retirement allowance beneficiary. When the retirement  
6 allowance beneficiary dies, his or her retirement allowance shall  
7 terminate. If the aggregate amount of retirement allowance pay-  
8 ments received by the beneficiary is less than the accumulated  
9 contributions credited to the member's account in the employees'  
10 savings fund at the time of the member's death, the difference  
11 between the accumulated contributions and the aggregate amount of  
12 retirement allowance payments received by the beneficiary shall  
13 be transferred from the employer's accumulation fund or pension  
14 reserve fund to the employees' savings fund and paid pursuant to  
15 section 29. A retirement allowance shall not be paid under this  
16 subsection on account of the death of a member if benefits are  
17 paid under section 27 on account of his or her death.

18 (8) If a retirant receiving a reduced retirement allowance  
19 under A PAYMENT option ~~A or B~~ under subsection (1) is divorced  
20 from the spouse who had been designated as the retirant's retire-  
21 ment allowance beneficiary under THE option, ~~A or B,~~ the elec-  
22 tion of THE PAYMENT option ~~A or B~~ shall be considered void by  
23 the retirement system if the judgment of divorce or award or  
24 order of the court, or an amended judgment of divorce or award or  
25 order of the court, described in section 40 and dated after ~~the~~  
26 ~~effective date of the amendatory act that added this subsection~~  
27 JUNE 27, 1991 provides that the election of THE PAYMENT option ~~A~~

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1 ~~or B~~ under subsection (1) is to be considered void by the  
2 retirement system and the retirant provides a certified copy of  
3 the judgment of divorce or award or order of the court, or an  
4 amended judgment of divorce or award or order of the court, to  
5 the retirement system. If the election of A PAYMENT option ~~A or~~  
6 ~~B~~ under subsection (1) is considered void by the retirement  
7 system under this subsection, the retirant's retirement allowance  
8 shall revert to a regular retirement allowance, including postre-  
9 tirement adjustments, if any, subject to an award or order of the  
10 court as described in section 40. The retirement allowance shall  
11 revert to a regular retirement allowance under this subsection  
12 effective the first of the month after the date the retirement  
13 system receives a certified copy of the judgment of divorce or  
14 award or order of the court. This subsection does not supersede  
15 a judgment of divorce or award or order of the court in effect on  
16 ~~the effective date of the amendatory act that added this~~  
17 ~~subsection~~ JUNE 27, 1991. This subsection does not require the  
18 retirement system to distribute or pay retirement assets on  
19 behalf of a retirant in an amount that exceeds the actuarially  
20 determined amount that would otherwise become payable if a judg-  
21 ment of divorce had not been rendered.

22 (9) A retirement allowance payable under a payment option  
23 provided in this section is subject to an eligible domestic rela-  
24 tions order under the eligible domestic relations order act, 1991  
25 PA 46, MCL 38.1701 TO 38.1711.

**HB 4173, As Passed Senate, June 4, 1998**

House Bill No. 4173

19

1 Enacting section 1. Sections 17e, 17f, and 17k of the state  
2 employees' retirement act, 1943 PA 240, MCL 38.17e, 38.17f, and  
3 38.17k, are repealed.

4 Enacting section 2. This amendatory act takes effect  
5 August 1, 1998.

6 Enacting section 3. This amendatory act does not take  
7 effect unless House Bill No. 4897 of the 89th Legislature is  
8 enacted into law.