

**SUBSTITUTE FOR  
HOUSE BILL NO. 6208**

A bill to amend 1957 PA 261, entitled "Michigan legislative retirement system act," by amending sections 11, 17b, 21, 21a, 22, 22c, 23d, 26, 50a, 75, and 79 (MCL 38.1011, 38.1017b, 38.1021, 38.1021a, 38.1022, 38.1022c, 38.1023d, 38.1026, 38.1050a, 38.1075, and 38.1079), sections 21, 22, 23d, and 26 as amended by 1994 PA 359, section 11 as amended by 1988 PA 512, section 17b as amended and section 21a as added by 1987 PA 58, section 22c as amended and sections 75 and 79 as added by 1996 PA 486, and section 50a as amended by 1998 PA 80, and by adding sections 36a and 58a.

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

**1** Sec. 11. (1) "Service" means the period beginning on  
**2** January 1 of the year in which the member took office or on the  
**3** date of the oath of office in the case of a special election, and  
**4** ending on December 31 of the term to which the member was

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1 elected; on the date of termination of service; or the date of  
2 death in office, whichever occurs first. Legislative service  
3 used to qualify for and receive a retirement allowance under the  
4 state employees' retirement act, ~~Act No. 240 of the Public Acts~~  
5 ~~of 1943, as amended, being sections 38.1 to 38.47 of the Michigan~~  
6 ~~Compiled Laws~~ 1943 PA 240, MCL 38.1 TO 38.69, shall not be cred-  
7 ited as service for the purpose of this act. A member who quali-  
8 fies under section 6(b) or (c) may choose to have service cred-  
9 ited under this act if the service would otherwise have qualified  
10 as service under ~~Act No. 240 of the Public Acts of 1943, as~~  
11 ~~amended~~ THE STATE EMPLOYEES' RETIREMENT ACT, 1943 PA 240, MCL  
12 38.1 TO 38.69, or if the service was to the state before 1943.

13 (2) A member who has satisfied the requirements of  
14 section 23(1)(a) and who was drafted, enlisted, inducted, or com-  
15 missioned into active duty with the armed forces of the United  
16 States government ~~prior to January 1, 1977,~~ may elect to  
17 receive service credit for not more than 2 years of active duty  
18 upon proof of the service having been rendered and upon request  
19 and payment to the retirement system of an amount equal to 5% of  
20 the member's salary for the calendar year in which payment is  
21 made multiplied by the years including any fraction of a year of  
22 service that the member elects to purchase up to the maximum. A  
23 deferred vested member or retirant who has satisfied the require-  
24 ments of section 23(1)(a) and who was drafted, enlisted,  
25 inducted, or commissioned into active duty with the armed forces  
26 of the United States ~~prior to January 1, 1977~~ may elect to  
27 receive service credit for not more than 2 years of active duty

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1 upon proof of the service having been rendered. A deferred  
2 vested member or retirant who is electing military service credit  
3 under this subsection shall pay an amount equal to 5% of the  
4 salary of a member who is serving at the time payment is made  
5 multiplied by the number of years including any fraction of a  
6 year of service for which the deferred vested member elects to  
7 receive credit. Service shall not be credited under this subsec-  
8 tion if it is or would be credited under any other federal,  
9 state, or local publicly supported retirement system, but this  
10 restriction shall not apply to those persons who have or will  
11 have acquired retirement eligibility under the federal government  
12 for service in the reserve.

13 (3) Membership in the retirement system created under this  
14 act shall not disqualify an employee of a political subdivision  
15 of this state from membership in a pension or retirement system  
16 established in the political subdivision of this state by reason  
17 of the compensation the employee receives from the political  
18 subdivision. Membership in the retirement system created under  
19 this act shall not affect the benefits to which a member,  
20 deferred vested member, retirant, or beneficiary may be entitled  
21 under the retirement system established in the political  
22 subdivision.

23 Sec. 17b. "Leadership position" means ~~the speaker of the~~  
24 ~~house of representatives, the minority leader in the house of~~  
25 ~~representatives, the majority floor leader and minority floor~~  
26 ~~leader in the house of representatives, the senate majority~~  
27 ~~leader, the senate minority leader, the majority floor leader and~~

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1 ~~minority floor leader in the senate, and the chairpersons of the~~  
2 ~~senate and the house of representatives committee on~~  
3 ~~appropriations~~ A POSITION HELD BY A MEMBER OF THE LEGISLATURE  
4 WHO, IN ADDITION TO SALARY COMMON TO ALL LEGISLATORS, RECEIVES  
5 SUPPLEMENTAL SALARY ATTRIBUTABLE TO HOLDING THAT POSITION AS  
6 DETERMINED BY THE STATE OFFICERS COMPENSATION COMMISSION UNDER  
7 SECTION 12 OF ARTICLE IV OF THE STATE CONSTITUTION OF 1963 AND  
8 1968 PA 357, MCL 15.211 TO 15.218.

9       Sec. 21. (1) The members' savings fund is created in the  
10 retirement system. The retirement system shall accumulate in the  
11 members' savings fund the contributions made by members toward  
12 the financing of their retirement allowances, shall make trans-  
13 fers of those contributions from the members' savings fund to the  
14 members' retirement fund, and shall make refunds of contributions  
15 from the members' savings fund as provided in this act. ~~A~~  
16 EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A member who  
17 first becomes a member on or before December 1, 1994, shall make  
18 contributions to the members' savings fund of 7% of each payment  
19 of salary received by the member for service as a member, but not  
20 for a period exceeding 20 years. ~~A~~ EXCEPT AS OTHERWISE PRO-  
21 VIDED IN THIS SUBSECTION, A member who first becomes a member  
22 after December 1, 1994, shall make contributions to the members'  
23 savings fund of 5% of each payment of salary received by the  
24 member for services as a member. BEGINNING ON THE EFFECTIVE DATE  
25 OF SECTION 36A, MEMBER CONTRIBUTIONS REQUIRED UNDER THIS SUBSEC-  
26 TION ARE SUSPENDED UNLESS REINSTATED BY THE BOARD UNDER SECTION  
27 36A.

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1           (2) The member contributions required by this section shall  
2 be made by payroll deductions. Each member is considered to con-  
3 sent and agree to the payroll deductions as a condition of mem-  
4 bership in the retirement system.

5           (3) Upon the retirement of a member, his or her accumulated  
6 contributions shall be transferred to the members' retirement  
7 fund. Upon the death of a member, if a survivor's retirement  
8 allowance becomes payable on account of the member's death, his  
9 or her accumulated contributions shall be transferred to the  
10 survivors' retirement fund.

11           Sec. 21a. The state shall pick up the member contributions  
12 required by sections 21, 22, 22C, and 50a for all compensation  
13 earned after December 31, 1986. Contributions picked up shall be  
14 treated as employer contributions in determining tax treatment  
15 under the ~~United States~~ internal revenue code. The state shall  
16 pay these member contributions from the same source of funds  
17 ~~which~~ THAT is used in paying compensation to the member. The  
18 state may pick up these contributions by a reduction in the cash  
19 salary of the member. Member contributions picked up shall be  
20 treated for all other purposes in the same manner and to the same  
21 extent as member contributions made ~~prior to~~ BEFORE the date  
22 picked up.

23           Sec. 22. (1) The survivors' retirement fund is created in  
24 the retirement system. The retirement system shall accumulate in  
25 the survivors' retirement fund reserves for the payment of  
26 retirement allowances to survivors. The retirement system shall  
27 pay the survivor retirement allowances from the survivors'

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1 retirement fund. ~~Each~~ EXCEPT AS OTHERWISE PROVIDED IN THIS  
2 SUBSECTION, EACH member shall make contributions to the  
3 survivors' retirement fund of 0.5% of each payment of salary  
4 received that is attributable to service performed on and after  
5 January 1, 1995. A member shall not make contributions to the  
6 survivors' retirement fund for more than 20 years. The contribu-  
7 tions shall be made by payroll deductions and each member is con-  
8 sidered to consent and agree to the deductions as a condition of  
9 membership in the retirement system. BEGINNING ON THE EFFECTIVE  
10 DATE OF SECTION 36A, MEMBER CONTRIBUTIONS REQUIRED UNDER THIS  
11 SUBSECTION ARE SUSPENDED UNLESS REINSTATED BY THE BOARD UNDER  
12 SECTION 36A.

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

22       (3) The state's appropriation for survivors' retirement  
23 allowances to be paid upon the death of members, deferred vested  
24 members, and retirants shall be an amount that will provide the  
25 net reserves, after allowing for members' contributions to the  
26 survivors' retirement fund and transfers to be made to the fund  
27 from the members' savings fund, or other available funds for

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1 retirement allowances to be paid to survivors of members,  
2 deferred vested members, and retirants who will probably die  
3 during the next ensuing fiscal year.

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

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

14 Sec. 22c. (1) The health insurance fund is created in the  
15 retirement system. The retirement system shall deposit into the  
16 health insurance fund the member contributions for health bene-  
17 fits required by this section, subscriber co-payments, payments  
18 under section 79, and state appropriations. The retirement  
19 system shall disburse from the health insurance fund the premiums  
20 or portion of the premiums for dental, hospital, and medical cov-  
21 erage insurance as required by sections 50b and 79.

22 (2) ~~A~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A  
23 member shall make contributions to the health insurance fund of  
24 1% of each payment of salary received that is attributable to  
25 service performed on and after January 1, 1995. BEGINNING ON THE  
26 EFFECTIVE DATE OF SECTION 36A, A MEMBER WHO FIRST BECAME A MEMBER  
27 OF TIER 1 ON OR BEFORE DECEMBER 1, 1994 SHALL MAKE CONTRIBUTIONS

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1 TO THE HEALTH INSURANCE FUND OF 9% OF EACH PAYMENT OF SALARY  
2 RECEIVED BY THE MEMBER FOR SERVICE AS A MEMBER. BEGINNING ON THE  
3 EFFECTIVE DATE OF SECTION 36A, A MEMBER WHO FIRST BECAME A MEMBER  
4 OF TIER 1 AFTER DECEMBER 1, 1994 SHALL MAKE CONTRIBUTIONS TO THE  
5 HEALTH INSURANCE FUND OF 7% OF EACH PAYMENT OF SALARY RECEIVED BY  
6 THE MEMBER FOR SERVICE AS A MEMBER. THE INCREASED CONTRIBUTIONS  
7 REQUIRED UNDER THIS SUBSECTION BY THE AMENDATORY ACT THAT ADDED  
8 SECTION 36A WILL CONTINUE UNLESS SUSPENDED BY THE BOARD UNDER  
9 SECTION 36A. The contributions shall be made by payroll deduc-  
10 tions and each member is considered to consent to the deductions  
11 as a condition of membership in the retirement system.

12       Sec. 23d. (1) A member who is not entitled to a retirement  
13 allowance under section 23 or a deferred vested member ~~shall be~~  
14 ~~entitled to~~ MAY RECEIVE a retirement allowance if the board has  
15 received a certification by not less than 2 licensed physicians  
16 appointed by the board stating that the member or deferred vested  
17 member is disabled from engaging in any substantial gainful  
18 activity by reason of a medically determinable physical or mental  
19 impairment ~~which~~ THAT can be expected to result in death, or  
20 can be expected to last for a continuous period of 12 months or  
21 more.

22       (2) A member or deferred vested member ~~entitled~~ WHO IS  
23 DETERMINED ELIGIBLE to RECEIVE a retirement allowance under sub-  
24 section (1) shall receive the retirement allowance applicable to  
25 that member or deferred vested member provided for in section  
26 24(4), (5), or (6).

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1 (3) A member who is currently receiving compensation as a  
2 legislator or lieutenant governor shall not ~~be entitled to~~  
3 RECEIVE a retirement allowance under this section.

4 (4) The board may provide for the examination by 1 or more  
5 licensed physicians designated by the board at least once a year  
6 of a person who is receiving a retirement allowance under this  
7 section during the continuance of the disability. The board  
8 shall not provide for an examination after the member attains 55  
9 years of age.

10 Sec. 26. (1) ~~The~~ BEGINNING JANUARY 1, 1999, THE retire-  
11 ment system shall be administered by a board of trustees, con-  
12 sisting of 11 persons as follows:

13 (a) ~~Three~~ TWO members of the house of representatives  
14 appointed by the speaker.

15 (b) ~~Three~~ TWO members of the senate, appointed in the same  
16 manner as members of standing committees of the senate are  
17 appointed.

18 (c) Two retirants appointed by the ~~board~~ SPEAKER OF THE  
19 HOUSE OF REPRESENTATIVES AND 2 RETIRANTS APPOINTED BY THE SENATE  
20 MAJORITY LEADER.

21 (d) One deferred vested member appointed by the ~~board~~  
22 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND 1 DEFERRED VESTED  
23 MEMBER APPOINTED BY THE SENATE MAJORITY LEADER.

24 (e) ~~The senate majority leader or a member of the senate~~  
25 ~~designated by the senate majority leader.~~ ONE PARTICIPANT OF  
26 TIER 2 WHO WAS A FORMER MEMBER OF TIER 1 APPOINTED AS PRESCRIBED  
27 IN SUBSECTION (2). HOWEVER, IF THERE IS NO PARTICIPANT OF TIER 2

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1 WHO MEETS THE FORMER MEMBER REQUIREMENT OF THIS SUBDIVISION, THEN  
2 1 ADDITIONAL DEFERRED VESTED MEMBER APPOINTED AS PRESCRIBED IN  
3 SUBSECTION (2).

4 ~~-(f) The speaker of the house or a member of the house of~~  
5 ~~representatives designated by the speaker of the house.~~

6 (2) Only members of the retirement system are eligible to  
7 serve as members on the board of trustees except for the retir-  
8 ants AND TIER 2 PARTICIPANT AUTHORIZED UNDER SUBSECTION (1).

9 ~~Board members shall be appointed for 2-year terms. Two or more~~  
10 ~~of the members appointed to the board under subsection (1)(a) and~~  
11 ~~2 or more of the members appointed to the board under~~  
12 ~~subsection (1)(b) shall be vested members of the retirement~~  
13 ~~system on the date of appointment or, for house members, shall~~  
14 ~~have been elected, qualified, and seated in the house of repre-~~  
15 ~~sentatives not less than 3 times for full or partial terms on the~~  
16 ~~date of appointment or, for senate members, shall have been~~  
17 ~~elected, qualified, and seated in the senate not less than 2~~  
18 ~~times for full or partial terms on the date of the appointment.~~

19 BOARD MEMBERS APPOINTED UNDER SUBSECTION (1)(A) AND (B) ARE  
20 APPOINTED FOR 2-YEAR TERMS. BOARD MEMBERS APPOINTED UNDER SUB-  
21 SECTION (1)(C) ARE APPOINTED FOR 4-YEAR TERMS. BOARD MEMBERS  
22 APPOINTED FOR A TERM BEGINNING IN 1999 UNDER SUBSECTION (1)(D)  
23 ARE APPOINTED FOR 2-YEAR TERMS. BOARD MEMBERS APPOINTED FOR A  
24 TERM BEGINNING IN 2001 UNDER SUBSECTION (1)(D) ARE APPOINTED FOR  
25 4-YEAR TERMS. A BOARD MEMBER APPOINTED FOR A TERM BEGINNING IN  
26 1999 UNDER SUBSECTION (1)(E) SHALL BE APPOINTED BY THE SENATE  
27 MAJORITY LEADER FOR A 2-YEAR TERM. BEGINNING IN 2001, A BOARD

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1 MEMBER APPOINTED UNDER SUBSECTION (1)(E) SHALL BE APPOINTED  
2 ALTERNATELY BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND  
3 THE SENATE MAJORITY LEADER FOR A 4-YEAR TERM. BOARD MEMBERS  
4 APPOINTED UNDER SUBSECTION (1)(C), (D), OR (E) SHALL NOT SERVE AS  
5 A BOARD MEMBER UNDER THOSE SUBDIVISIONS FOR A COMBINED TOTAL OF  
6 MORE THAN 8 YEARS.

7 (3) Each person, whether appointed as a trustee or becoming  
8 a trustee ex officio, shall take an oath of office before the  
9 secretary of state, CLERK OF THE HOUSE, OR SECRETARY OF THE  
10 SENATE, and, upon taking the oath, qualifies as a trustee. The  
11 oath of office shall be as prescribed under section 1 of article  
12 XI of the state constitution of 1963.

13 SEC. 36A. IF THE ACTUARY DETERMINES IN HIS OR HER ANNUAL  
14 VALUATION OF THE SYSTEM THAT THE SYSTEM IS LESS THAN 100% FUNDED,  
15 THE RETIREMENT BOARD MAY REINSTATE THE MEMBER CONTRIBUTIONS THAT  
16 WERE SUSPENDED IN SECTIONS 21, 22, AND 50A AND REDUCE THE MEMBER  
17 CONTRIBUTIONS THAT WERE INCREASED IN SECTION 22C.

18 Sec. 50a. (1) The grants and insurance revolving fund is  
19 created in the state treasury as a separate fund, into which  
20 shall be paid legislative grants, earnings from the fund, pay-  
21 ments by or on behalf of members, and revenue from other sources  
22 accepted by the board. Money appropriated to the grants and  
23 insurance revolving fund shall not revert to the general fund at  
24 the close of the fiscal year but shall remain in the grants and  
25 insurance revolving fund. The legislative grants in the grants  
26 and insurance revolving fund shall not be expended except upon  
27 express direction of the legislature; but all other money in the

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1 grants and insurance revolving fund may be expended for the  
2 purposes and in the manner provided in this section.

3       (2) ~~Beginning~~ EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSEC-  
4 TION, BEGINNING with salary received that is attributable to  
5 service performed on and after January 1, 1995, each legislator  
6 or member shall pay a sum equal to 0.5% of salary ~~common to all~~  
7 ~~members~~ to the grants and insurance revolving fund to be eligi-  
8 ble for the benefits provided in this section. The sum shall be  
9 collected by payroll deductions in the manner prescribed in this  
10 act. BEGINNING ON THE EFFECTIVE DATE OF SECTION 36A, MEMBER CON-  
11 TRIBUTIONS REQUIRED UNDER THIS SUBSECTION ARE SUSPENDED UNLESS  
12 REINSTATED BY THE BOARD UNDER SECTION 36A.

13       (3) The board shall self-insure or shall purchase and pay  
14 the premiums on a life insurance policy or policies to provide  
15 life insurance death or other benefits for retirants, deferred  
16 vested members, and the spouses, eligible children, or eligible  
17 beneficiaries of retirants and deferred vested members from the  
18 amounts paid pursuant to subsection (2) for this purpose to the  
19 grants and insurance revolving fund. Life insurance benefits  
20 provided on June 23, 1987 shall not be diminished due to the  
21 amendments to this section by 1987 PA 58.

22       SEC. 58A. IF A CHANGE OR ERROR IN THE RECORDS OF THE  
23 RETIREMENT SYSTEM RESULTS IN A RETIRANT, RETIREMENT ALLOWANCE  
24 BENEFICIARY, OR REFUND BENEFICIARY RECEIVING FROM THE RETIREMENT  
25 SYSTEM MORE OR LESS THAN THE RETIRANT, RETIREMENT ALLOWANCE BENE-  
26 FICIARY, OR REFUND BENEFICIARY WOULD HAVE BEEN ENTITLED TO  
27 RECEIVE HAD THE RECORDS BEEN CORRECT, THE RETIREMENT SYSTEM SHALL

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1 CORRECT THE ERROR, AND AS FAR AS PRACTICABLE, SHALL ADJUST THE  
2 PAYMENT TO PROVIDE AN ACTUARIAL EQUIVALENT OF THE BENEFIT TO  
3 WHICH THE RETIRANT, RETIREMENT ALLOWANCE BENEFICIARY, OR REFUND  
4 BENEFICIARY WAS ENTITLED. AN ADJUSTMENT IN BENEFITS SHALL NOT BE  
5 MADE FOR AN ERROR TOTALING \$10.00 OR LESS ANNUALLY AND THE AMOUNT  
6 SHALL BE DEBITED OR CREDITED TO THE MEMBERS' RETIREMENT FUND.

7       Sec. 75. (1) A qualified participant is immediately 100%  
8 vested in his or her contributions made to Tier 2. A qualified  
9 participant shall vest in the employer contributions made on his  
10 or her behalf to Tier 2 according to the following schedule:

11       (a) Upon completion of 2 years of service, 50%.

12       (b) Upon completion of 3 years of service, 75%.

13       (c) Upon completion of 4 years of service, 100%.

14       (2) A qualified participant is vested in the health insur-  
15 ance coverage provided in section 79 if the qualified participant  
16 meets 1 of the following requirements:

17       (a) The qualified participant has completed 6 years of serv-  
18 ice as a qualified participant and was not a member, deferred  
19 vested member, or former nonvested member of Tier 1.

20       (b) The qualified participant was a member, deferred vested  
21 member, or former nonvested member of Tier 1 who made an election  
22 to participate in Tier 2 pursuant to section 61, and who has met  
23 the service requirements he or she would have been required to  
24 meet in order to vest in health benefits under section 50b.

25       (C) THE QUALIFIED PARTICIPANT MEETS ALL OF THE FOLLOWING  
26 REQUIREMENTS:

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1 (i) WAS NOT A MEMBER, DEFERRED VESTED MEMBER, OR FORMER  
2 NONVESTED MEMBER OF TIER 1.

3 (ii) WAS FIRST ELECTED TO FILL A VACANCY IN THE HOUSE OF  
4 REPRESENTATIVES FOR A PERIOD LESS THAN THE FULL TERM BUT MORE  
5 THAN 1/2 OF THE TERM OF OFFICE.

6 (iii) HAS COMPLETED 5 YEARS OF SERVICE AS A QUALIFIED  
7 PARTICIPANT.

8 Sec. 79. (1) A former qualified participant may elect  
9 health insurance benefits in the manner prescribed in this sec-  
10 tion if he or she meets both of the following requirements:

11 (a) The former qualified participant is vested in health  
12 benefits under section 75(2).

13 (b) The former qualified participant MEETS 1 OF THE FOLLOW-  
14 ING REQUIREMENTS:

15 (i) HE OR SHE meets or exceeds the benefit commencement age  
16 employed in the actuarial present value calculation under section  
17 62 and the service requirements that would have applied to that  
18 former participant under Tier 1 for receiving health insurance  
19 coverage under section 50b, if that former participant was a  
20 member of Tier 1.

21 (ii) HE OR SHE IS 55 YEARS OF AGE OR OLDER.

22 (2) A former qualified participant who is eligible to elect  
23 health insurance coverage under subsection (1) may elect health  
24 insurance coverage in a health benefit plan or plans as autho-  
25 rized by section 50b, or in another plan as provided in subsec-  
26 tion (6). A former qualified participant who is eligible to  
27 elect health insurance coverage under subsection (1) may also

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1 elect health insurance coverage for his or her health benefit  
2 dependents, if any. A surviving health benefit dependent of a  
3 deceased former qualified participant who is eligible to elect  
4 health insurance coverage under subsection (1) may elect health  
5 insurance coverage in the manner prescribed in this section.

6 (3) Except as otherwise provided in subsection (6), an indi-  
7 vidual who elects health insurance coverage under this section  
8 shall become a member of a health insurance coverage group autho-  
9 rized pursuant to section 50b.

10 (4) For a former qualified participant who is eligible to  
11 elect health insurance coverage under subsection (1) and who is  
12 vested in those benefits under section 75(2)(a) OR (C), and for  
13 his or her health benefit dependents, this state shall pay a por-  
14 tion of the health insurance premium as calculated under this  
15 subsection on a cash disbursement method. An individual  
16 described in this subsection who elects health insurance coverage  
17 under this section shall pay to the retirement system the remain-  
18 ing portion of the health insurance coverage premium not paid by  
19 this state under this subsection. The portion of the health  
20 insurance coverage premium paid by this state under this subsec-  
21 tion shall be 90% of the payments for health insurance coverage  
22 under section 50b. ~~if the former qualified participant has 6~~  
23 ~~years of service or more.~~ If the individual elects the health  
24 insurance coverage provided under section 50b, this state shall  
25 transfer its portion of the amount calculated under this subsec-  
26 tion to the health insurance fund created by section 22c.

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1 (5) For a former qualified participant who is eligible to  
2 elect health insurance coverage under subsection (1) and who is  
3 vested in those benefits under section 75(2)(b), and for his or  
4 her health benefit dependents, this state shall pay a portion of  
5 the health insurance premium as calculated under this subsection  
6 on a cash disbursement method. An individual described in this  
7 subsection who elects health insurance coverage under this sec-  
8 tion shall pay to the retirement system the remaining portion of  
9 the health insurance coverage premium not paid by this state  
10 under this subsection. The portion of the health insurance cov-  
11 erage premium paid by this state under this subsection shall be  
12 equal to the premium amounts paid on behalf of retirants of Tier  
13 1 for health insurance coverage under section ~~20d~~ 50B. If the  
14 individual elects the health insurance coverage provided under  
15 section ~~20d~~ 50B, the state shall transfer its portion of the  
16 amount calculated under this subsection to the health insurance  
17 fund created by section 22c.

18 (6) A former qualified participant or health benefit depen-  
19 dent who is eligible to elect health insurance coverage under  
20 this section and who elects health insurance coverage under a  
21 different plan than the plan authorized under section 50b may  
22 elect to have an amount up to the amount of the retirement  
23 system's share of the monthly health insurance premium subsidy  
24 provided in this section paid by the retirement system directly  
25 to the other health insurance plan or to a medical savings  
26 account established pursuant to section 220 of the Internal

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1 Revenue Code, to the extent allowed by law or under the  
2 provisions and procedures of Tier 2.

3       (7) If the department of management and budget receives  
4 notification from the United States internal revenue service that  
5 this section or any portion of this section will cause the  
6 retirement system to be disqualified for tax purposes under the  
7 internal revenue code, then the portion that will cause the dis-  
8 qualification does not apply.