



HOUSE BILL No. 6178

December 5, 2000, Introduced by Rep. Ehardt and referred to the Committee on Appropriations.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 4 (MCL 38.1304), as amended by 1997 PA 143,
and by adding section 92.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) "Compound interest" means interest compounded
2 annually on July 1 on the contributions on account as of the pre-
3 vious July 1 and computed at the rate of investment return deter-
4 mined under section 104a(1) for the last completed state fiscal
5 year.

6 (2) "Contributory service" means credited service other than
7 noncontributory service.

8 (3) "Deferred member" means a member who has ceased to be a
9 public school employee and has satisfied the requirements of
10 section 82 for a deferred vested service retirement allowance.

1 (4) "Department" means the department of management and
2 budget.

3 (5) "Designated date" means September 30, 1997.

4 (6) "Direct rollover" means a payment by the retirement
5 system to the eligible retirement plan specified by the
6 distributee.

7 (7) "Distributee" includes a member or deferred member.
8 Distributee also includes the member's or deferred member's sur-
9 viving spouse or the member's or deferred member's spouse or
10 former spouse under an eligible domestic relations order, with
11 regard to the interest of the spouse or former spouse.

12 (8) Except as otherwise provided in this subsection,
13 "eligible retirement plan" means an individual retirement account
14 described in section 408(a) of the internal revenue code, an
15 individual retirement annuity described in section 408(b) of the
16 internal revenue code, an annuity plan described in section
17 403(a) of the internal revenue code, or a qualified trust
18 described in section 401(a) of the internal revenue code, that
19 accepts the distributee's eligible rollover distribution.
20 However, in the case of an eligible rollover distribution to a
21 surviving spouse, an eligible retirement plan means an individual
22 retirement account or an individual retirement annuity described
23 above.

24 (9) "Eligible rollover distribution" means a distribution of
25 all or any portion of the balance to the credit of the
26 distributee. Eligible rollover distribution does not include any
27 of the following:

1 (a) A distribution made for the life or life expectancy of
2 the distributee or the joint lives or joint life expectancies of
3 the distributee and the distributee's designated beneficiary.

4 (b) A distribution for a specified period of 10 years or
5 more.

6 (c) A distribution to the extent that the distribution is
7 required under section 401(a)(9) of the internal revenue code.

8 (d) The portion of any distribution that is not includable
9 in federal gross income, determined without regard to the exclu-
10 sion for net unrealized appreciation with respect to employer
11 securities.

12 (10) "Employee organization professional services leave" or
13 "professional services leave" means a leave of absence that is
14 renewed annually by the reporting unit so that a member may
15 accept a position with a public school employee organization to
16 which he or she belongs and which represents employees of a
17 reporting unit in employment matters. The member shall be
18 included in membership of the retirement system during a profes-
19 sional services leave if all of the conditions of section 71(5)
20 and (6) are satisfied.

21 (11) "Employee organization professional services released
22 time" or "professional services released time" means a portion of
23 the school fiscal year during which a member is released by the
24 reporting unit from his or her regularly assigned duties to
25 engage in employment matters for a public school employee organi-
26 zation to which he or she belongs. The member's compensation
27 received or service rendered, or both, as applicable, by a member

1 while on professional services released time shall be reportable
2 to the retirement system if all of the conditions of section
3 71(5) and (6) are satisfied.

4 (12) "Final average compensation" means the aggregate amount
5 of a member's compensation earned within the averaging period in
6 which the aggregate amount of compensation was highest divided by
7 the member's number of years, including any fraction of a year,
8 of credited service during the averaging period. The averaging
9 period shall be 36 consecutive calendar months if the member con-
10 tributes to the member investment plan; otherwise, the averaging
11 period shall be 60 consecutive calendar months. If the member
12 has less than 1 year of credited service in the averaging period,
13 the number of consecutive calendar months in the averaging period
14 shall be increased to the lowest number of consecutive calendar
15 months that contains 1 year of credited service.

16 (13) "Health benefits" means hospital, medical-surgical, and
17 sick care benefits and dental, vision, and hearing benefits for
18 retirants, retirement allowance beneficiaries, and health insur-
19 ance dependents provided pursuant to section 91.

20 (14) "Internal revenue code" means the United States inter-
21 nal revenue code of 1986.

22 (15) "LONG TERM CARE BENEFITS" MEANS GROUP INSURANCE THAT IS
23 AUTHORIZED BY THE RETIREMENT SYSTEM FOR RETIRANTS, RETIREMENT
24 ALLOWANCE BENEFICIARIES, AND HEALTH INSURANCE DEPENDENTS, AS THAT
25 TERM IS DEFINED IN SECTION 91, TO COVER THE COSTS OF SERVICES
26 PROVIDED TO RETIRANTS, RETIREMENT ALLOWANCE BENEFICIARIES, AND
27 HEALTH INSURANCE DEPENDENTS, FROM NURSING HOMES, ASSISTED LIVING

1 FACILITIES, HOME HEALTH CARE PROVIDERS, ADULT DAY CARE PROVIDERS,
2 AND OTHER SIMILAR SERVICE PROVIDERS.

3 (16) ~~(15)~~ "Member investment plan" means the program of
4 member contributions described in section 43a.

5 SEC. 92. UPON WRITTEN APPLICATION OF A RETIRANT, THE
6 RETIREMENT SYSTEM SHALL WITHHOLD FROM THE RETIRANT'S RETIREMENT
7 ALLOWANCE THE ENTIRE MONTHLY PREMIUM FOR LONG TERM CARE BENEFITS
8 FOR THE RETIRANT, THE RETIREMENT ALLOWANCE BENEFICIARY, AND
9 HEALTH INSURANCE DEPENDENTS, AS THAT TERM IS DEFINED IN SECTION
10 91, WHO ELECT COVERAGE IN A LONG TERM CARE BENEFIT PLAN THAT IS
11 AUTHORIZED BY THE RETIREMENT SYSTEM. IF THE ENTIRE MONTHLY PRE-
12 MIUM FOR RETIRANTS, RETIREMENT ALLOWANCE BENEFICIARIES, AND
13 HEALTH INSURANCE DEPENDENTS IS GREATER THAN THE RETIREMENT ALLOW-
14 ANCE, THE RETIREMENT SYSTEM SHALL WITHHOLD THE ENTIRE RETIREMENT
15 ALLOWANCE AND APPLY IT TO THE PREMIUM BALANCE.