

HOUSE BILL No. 4975

June 21, 2007, Introduced by Rep. Ball and referred to the Committee on Oversight and Investigations.

A bill to amend 1943 PA 240, entitled
"State employees' retirement act,"
by amending sections 17m and 20d (MCL 38.17m and 38.20d), section
17m as added by 1998 PA 205 and section 20d as amended by 2002 PA
93.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 17m. (1) A member may elect to purchase not more than 5
2 years of service credit less the number of years of service credit
3 purchased under sections 17e, 17f, and 17k, upon request and
4 payment to the retirement system of the actuarial cost.

5 (2) Service credit purchased under this section may not be
6 used to satisfy the minimum number of years of service credit
7 required to receive a retirement allowance under this act.

8 (3) If a member who made payment under this section dies and a
9 retirement allowance is not payable, or if the member leaves

1 service and a retirement allowance is not payable, the payment made
2 by the member shall be refunded upon request to the member, the
3 member's refund beneficiary, if any, or to the member's legal
4 representative or estate.

5 **(4) A MEMBER SHALL NOT PURCHASE SERVICE CREDIT UNLESS THE**
6 **MEMBER HAS PERFORMED NOT LESS THAN 10 YEARS OF ACTUAL SERVICE.**

7 Sec. 20d. (1) On and after July 1, 1974, hospitalization and
8 medical coverage insurance premium payable by any retirant or his
9 or her beneficiary and his or her dependents under any group health
10 plan authorized by the Michigan civil service commission and the
11 department of management and budget shall be paid by the retirement
12 board from the health insurance reserve fund created in section 11.
13 The amount payable shall be in the same proportion of premium
14 payable by the state of Michigan for the classified employees
15 occupying positions in the state civil service. The hospitalization
16 and medical insurance premium payable shall be paid from
17 appropriations made for this purpose to the health insurance
18 reserve fund sufficient to cover the premium payment needed to be
19 made.

20 (2) Effective January 1, 1988, 90% of the premium payable by a
21 retirant or the retirant's beneficiary and his or her dependents
22 for dental coverage or vision coverage, or both, under any group
23 plan authorized by the Michigan civil service commission and the
24 department of management and budget shall be paid by the retirement
25 board from the health insurance reserve fund created in section 11.

26 (3) The department of management and budget shall calculate
27 for each fiscal year any cost savings that have accrued to this

1 state as a result of the implementation of 1996 PA 487 over the
2 costs that would have been incurred by this state to fund premiums
3 payable pursuant to section 68 had 1996 PA 487 not been
4 implemented. The total amount of the cost savings, if any, shall be
5 allocated to the health advance funding subaccount created under
6 section 11(9).

7 (4) On and after March 31, 1997, the retirement system shall
8 also pay health insurance premiums described in this section in the
9 manner prescribed in section 68.

10 (5) SERVICE CREDIT PURCHASED SHALL NOT BE CREDITED TOWARD
11 VESTING OF HEALTH INSURANCE PREMIUM PAYMENTS FOR RETIRANTS UNDER
12 THIS SECTION. A MEMBER WHO ELECTS TO PURCHASE SERVICE CREDIT SHALL
13 HAVE HIS OR HER BENEFITS UNDER THIS SECTION DETERMINED BY THE
14 RETIREMENT SYSTEM IN THE MANNER PRESCRIBED IN THIS SUBSECTION. THE
15 RETIREMENT SYSTEM SHALL FIRST DETERMINE WHETHER THE PURCHASE OF
16 SERVICE CREDIT ALLOWED THE MEMBER TO RETIRE EARLIER THAN THE MEMBER
17 WOULD HAVE BEEN ELIGIBLE TO RETIRE WITHOUT THE PURCHASE OF SERVICE
18 CREDIT. THE RETIREMENT SYSTEM SHALL THEN DETERMINE THE DIFFERENCE
19 BETWEEN THE MEMBER'S RETIREMENT ALLOWANCE EFFECTIVE DATE AND THE
20 EFFECTIVE DATE THAT THE MEMBER WOULD HAVE BEEN ELIGIBLE TO RETIRE
21 IF THE MEMBER HAD NOT PURCHASED THE SERVICE CREDIT. THE MEMBER WHO
22 IS SUBJECT TO THIS SUBSECTION SHALL NOT BE ELIGIBLE FOR HEALTH CARE
23 BENEFITS UNDER THIS SECTION UNTIL THE EFFECTIVE DATE THAT THE
24 MEMBER WOULD HAVE BEEN ELIGIBLE TO RETIRE IF THE MEMBER HAD NOT
25 PURCHASED THE SERVICE CREDIT.

26 (6) ~~(5)~~ For purposes of this section, "retirant" includes a
27 person who retires under section 306 or 410 of the Michigan

1 military act, 1967 PA 150, MCL 32.706 and 32.810.

2 Enacting section 1. This amendatory act takes effect July 31,
3 2007.