

HOUSE BILL No. 4963

July 11, 1989, Introduced by Reps. Hollister, Emmons, Barns, DeMars, Camp, Emerson and Stabenow and referred to the Committee on Senior Citizens and Retirement.

A bill to amend section 31 of Act No. 240 of the Public Acts of 1943, entitled as amended

"State employees' retirement act,"

as amended by Act No. 1 of the Public Acts of 1986, being section 38.31 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 31 of Act No. 240 of the Public Acts of
2 1943, as amended by Act No. 1 of the Public Acts of 1986, being
3 section 38.31 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 31. (1) ~~Prior~~ EXCEPT AS PROVIDED IN SUBSECTION (6),
6 PRIOR to the effective date of retirement, but not thereafter, a
7 member or deferred member who is eligible for retirement, as
8 provided in sections 19 and 20, shall elect to receive his or her
9 benefit in a retirement allowance payable throughout life, which

1 shall be called a regular retirement allowance, or to receive the
2 actuarial equivalent at that time of his or her regular retire-
3 ment allowance in a reduced retirement allowance payable through-
4 out the lives of the retirant and a retirement allowance benefi-
5 ciary, in accordance with the provisions of option A or B, as
6 follows:

7 Option A. Upon the retirant's death his or her reduced
8 retirement allowance shall be continued throughout the life of
9 and paid to the retirement allowance beneficiary whom the member
10 nominated by written designation duly executed and filed with the
11 retirement board prior to the effective date of his or her
12 retirement.

13 Option B. Upon the retirant's death, 1/2 of his or her
14 reduced retirement allowance shall be continued throughout the
15 life of and paid to the retirement allowance beneficiary whom the
16 member nominated by written designation duly executed and filed
17 with the retirement board prior to the effective date of his or
18 her retirement.

19 (2) The election of an option shall not be changed on or
20 after the effective date of the retirement allowance. A retire-
21 ment allowance beneficiary designated under this section shall
22 not be changed on or after the effective date of the retirement
23 allowance, and shall be either a spouse, brother, sister, parent,
24 child, including an adopted child, or grandchild of the person
25 making the designation. Payment to a retirement allowance bene-
26 ficiary shall begin on the first day of the month following the
27 death of the retirant or member.

1 (3) If the retirement allowance beneficiary named under
2 option A or B predeceases the retirant, the retirant's benefit
3 shall revert to the regular retirement allowance, effective with
4 the first day of the month following the retirement allowance
5 beneficiary's death. For a retirant whose effective date of
6 retirement was on or before June 28, 1976, this subsection shall
7 apply, but the regular retirement allowance shall not be payable
8 for any month beginning before the later of the retirement allow-
9 ance beneficiary's death or January 1, 1986. A retirant who on
10 January 1, 1986 is receiving a reduced retirement allowance
11 because the retirant designated a retirement allowance benefi-
12 ciary and the retirement allowance beneficiary predeceased the
13 retirant shall be eligible to receive the regular retirement
14 allowance beginning January 1, 1986, but the regular retirement
15 allowance shall not be payable for any month beginning before
16 January 1, 1986.

17 (4) A member who continues in the employ of the state on and
18 after the date he or she either acquires 10 years of service
19 credit, or becomes eligible for deferred retirement as provided
20 by section 20(4) or (5), whichever occurs first, may by written
21 declaration duly executed and filed with the retirement board
22 elect option A, provided for in subsection (1), and nominate a
23 retirement allowance beneficiary in the same manner as if the
24 member were then retiring from service, notwithstanding that the
25 member may not have attained 60 years of age. In the case of the
26 beneficiary's death or divorce from the member prior to the
27 effective date of the member's retirement, the member's election

1 of option A and nomination of retirement allowance beneficiary
2 shall be automatically revoked and the member may again elect
3 option A and nominate a retirement allowance beneficiary at any
4 time prior to the effective date of retirement. If a member who
5 has made an election and nominated a retirement allowance benefi-
6 ciary as provided in this subsection dies prior to the effective
7 date of his or her retirement, then the retirement allowance ben-
8 eficiary shall immediately receive the same retirement allowance
9 as he or she would have been entitled to receive under option A
10 if the member had been regularly retired at that time. Except as
11 otherwise provided by subsection (5), if a member who has made an
12 election under this subsection subsequently retires pursuant to
13 section 19, his or her election of option A shall take effect at
14 the time of retirement. Subject to the requirements of subsec-
15 tion (5), the member may, before the effective date of retire-
16 ment, but not thereafter, revoke his or her previous election of
17 option A and elect to receive his or her retirement allowance as
18 a regular retirement allowance or under option B as provided for
19 in subsection (1). A retirement allowance shall not be paid
20 under this subsection on account of the death of a member if any
21 benefits are paid under section 27 on account of his or her
22 death. If a deferred member who has an option A election in
23 effect dies prior to the effective date of his or her retirement,
24 the retirement allowance payable under option A shall be paid to
25 the retirement allowance beneficiary at the time the deceased
26 deferred member otherwise would have been eligible to begin
27 receiving benefits.

1 (5) If a member, deferred member, retiring member, or
2 retiring deferred member is married at the effective date of the
3 retirement allowance, an election under this section, other than
4 an election of option A or option B naming the spouse as retire-
5 ment allowance beneficiary, shall not be effective unless the
6 election is signed by the spouse, except that this requirement
7 may be waived by the retirement board if the signature of a
8 spouse cannot be obtained because of extenuating circumstances.
9 As used in this subsection, "spouse" means the person to whom the
10 member, deferred member, retiring member, or retiring deferred
11 member is married at the effective date of the retirement
12 allowance.

13 (6) NOTWITHSTANDING SUBSECTION (1), UNTIL JANUARY 1, 1991,
14 UPON REQUEST IN A FORM AS DETERMINED BY THE RETIREMENT BOARD, A
15 RETIRANT WHOSE RETIREMENT ALLOWANCE EFFECTIVE DATE IS BEFORE
16 NOVEMBER 12, 1985 MAY CHANGE HIS OR HER ELECTION TO RECEIVE A
17 REGULAR RETIREMENT ALLOWANCE AND ELECT TO BEGIN RECEIVING THE
18 ACTUARIAL EQUIVALENT, AT THE EFFECTIVE DATE OF THE RETIREMENT
19 ALLOWANCE, OF HIS OR HER RETIREMENT ALLOWANCE IN A REDUCED
20 RETIREMENT ALLOWANCE PAYABLE THROUGHOUT THE LIVES OF THE RETIRANT
21 AND THE RETIRANT'S SURVIVING SPOUSE, IN ACCORDANCE WITH THE PRO-
22 VISIONS OF OPTION A OR B. AS USED IN THIS SUBSECTION, "SPOUSE"
23 MEANS THE PERSON TO WHOM THE RETIRANT IS MARRIED AT THE EFFECTIVE
24 DATE OF THE RETIREMENT ALLOWANCE AND AT THE EFFECTIVE DATE OF THE
25 CHANGE IN THE RETIREMENT ALLOWANCE PURSUANT TO THIS SUBSECTION.

26 (7) ~~-(6)-~~ If a member who continues in the employ of the
27 state on and after the date he or she acquires 10 years of

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