

# SENATE BILL No. 354

April 20, 1989, Introduced by Senators DI NELLO,  
SEDERBURG, BARCIA, DILLINGHAM, CROPSEY and  
GEAKE and referred to the Committee on Human  
Resources and Senior Citizens.

A bill to amend sections 27, 31, and 40 of Act No. 240 of  
the Public Acts of 1943, entitled as amended  
"State employees' retirement act,"  
section 27 as amended by Act No. 241 of the Public Acts of 1987,  
section 31 as amended by Act No. 1 of the Public Acts of 1986,  
and section 40 as amended by Act No. 35 of the Public Acts of  
1985, being sections 38.27, 38.31, and 38.40 of the Michigan  
Compiled Laws; and to add section 19b.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 27, 31, and 40 of Act No. 240 of the  
2       Public Acts of 1943, section 27 as amended by Act No. 241 of the  
3       Public Acts of 1987, section 31 as amended by Act No. 1 of the  
4       Public Acts of 1986, and section 40 as amended by Act No. 35 of  
5       the Public Acts of 1985, being sections 38.27, 38.31, and 38.40

1 of the Michigan Compiled Laws, are amended and section 19b is  
2 added to read as follows:

3 SEC. 19B. (1) AS USED IN THIS SECTION:

4 (A) "ALTERNATE PAYEE" MEANS A SPOUSE, FORMER SPOUSE, CHILD,  
5 OR OTHER DEPENDENT OF A PARTICIPANT NAMED IN A QUALIFIED DOMESTIC  
6 RELATIONS ORDER.

7 (B) "BENEFIT" MEANS A PENSION, AN ANNUITY, A RETIREMENT  
8 ALLOWANCE, OR AN OPTIONAL BENEFIT ACCRUED OR ACCRUING TO A PAR-  
9 TICIPANT UNDER THIS ACT.

10 (C) "DOMESTIC RELATIONS ORDER" MEANS A JUDGMENT, DECREE, OR  
11 ORDER OF A COURT MADE PURSUANT TO THE DOMESTIC RELATIONS LAW OF  
12 THIS STATE AND RELATING TO THE PROVISION OF CHILD SUPPORT, ALIMO-  
13 NY, OR MARITAL PROPERTY RIGHTS OF A SPOUSE, FORMER SPOUSE, CHILD,  
14 OR OTHER DEPENDENT OF A PARTICIPANT.

15 (D) "EARLIEST RETIREMENT AGE" MEANS THE EARLIER OF THE  
16 FOLLOWING:

17 (i) THE DATE THE PARTICIPANT IS ENTITLED TO OBTAIN A DISTRI-  
18 BUTION OF A BENEFIT UNDER THIS ACT UPON NOTIFICATION TO THE  
19 RETIREMENT SYSTEM.

20 (ii) THE LATER OF THE FOLLOWING:

21 (A) THE DATE THE PARTICIPANT REACHES AGE 50.

22 (B) THE EARLIEST DATE ON WHICH THE PARTICIPANT COULD BEGIN  
23 RECEIVING BENEFITS IF THE PARTICIPANT SEPARATED FROM SERVICE.

24 (E) "PARTICIPANT" MEANS A MEMBER, DEFERRED MEMBER, OR RETIR-  
25 ANT UNDER THIS ACT.

26 (F) "QUALIFIED DOMESTIC RELATIONS ORDER" MEANS A DOMESTIC  
27 RELATIONS ORDER THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

1 (i) THE DOMESTIC RELATIONS ORDER STATES THE NAME AND LAST  
2 KNOWN ADDRESS OF THE PARTICIPANT.

3 (ii) THE DOMESTIC RELATIONS ORDER STATES THE NAME AND LAST  
4 KNOWN ADDRESS OF AN ALTERNATE PAYEE.

5 (iii) THE DOMESTIC RELATIONS ORDER STATES THE AMOUNT OR PER-  
6 CENTAGE OF THE BENEFIT TO BE PAID TO AN ALTERNATE PAYEE OR THE  
7 MANNER UNDER WHICH THE AMOUNT OR PERCENTAGE OF THE BENEFIT TO BE  
8 PAID TO AN ALTERNATE PAYEE IS TO BE DETERMINED.

9 (iv) THE DOMESTIC RELATIONS ORDER STATES THE NUMBER OF PAY-  
10 MENTS OR THE PERIOD OF TIME TO WHICH THE DOMESTIC RELATIONS ORDER  
11 APPLIES.

12 (v) THE DOMESTIC RELATIONS ORDER STATES THAT IT APPLIES TO  
13 THE STATE EMPLOYEES' RETIREMENT SYSTEM.

14 (vi) THE DOMESTIC RELATIONS ORDER DOES NOT REQUIRE THE  
15 RETIREMENT SYSTEM TO PROVIDE A TYPE OR FORM OF BENEFIT OR A PAY-  
16 MENT OPTION NOT OTHERWISE PROVIDED BY THIS ACT.

17 (vii) THE DOMESTIC RELATIONS ORDER DOES NOT REQUIRE THE  
18 RETIREMENT SYSTEM TO PROVIDE AN INCREASED BENEFIT.

19 (viii) THE DOMESTIC RELATIONS ORDER DOES NOT REQUIRE THE  
20 PAYMENT OF A BENEFIT TO AN ALTERNATE PAYEE THAT IS REQUIRED TO BE  
21 PAID TO ANOTHER ALTERNATE PAYEE UNDER A PREVIOUSLY FILED QUALI-  
22 FIED DOMESTIC RELATIONS ORDER.

23 (2) AN ALTERNATE PAYEE SHALL BE ENTITLED TO AN ACTUAL INTER-  
24 EST IN A SHARE OF A BENEFIT THAT IS OR WILL BECOME PAYABLE TO A  
25 PARTICIPANT UNDER THIS ACT IF A QUALIFIED DOMESTIC RELATIONS  
26 ORDER IS FILED WITH THE RETIREMENT SYSTEM. THE RETIREMENT SYSTEM

1 SHALL ADMINISTER THE PAYMENT OF A BENEFIT UNDER THIS ACT PURSUANT  
2 TO THE QUALIFIED DOMESTIC RELATIONS ORDER AND THIS SECTION.

3 (3) NOTWITHSTANDING SECTION 40, A QUALIFIED DOMESTIC RELA-  
4 TIONS ORDER MAY PROVIDE FOR THE PAYMENT OF A BENEFIT TO AN ALTER-  
5 NATE PAYEE AFTER THE PARTICIPANT REACHES THE EARLIEST RETIREMENT  
6 AGE BUT BEFORE THE PARTICIPANT SEPARATES FROM SERVICE AS PROVIDED  
7 IN THIS SUBSECTION. AN ALTERNATE PAYEE SHALL NOT RECEIVE A PAY-  
8 MENT OF A BENEFIT UNDER THIS SUBSECTION UNTIL THE PARTICIPANT  
9 MEETS ALL OF THE REQUIREMENTS FOR RETIREMENT UNDER THIS ACT  
10 EXCEPT FOR SEPARATION FROM SERVICE. IF AN ALTERNATE PAYEE ELECTS  
11 TO RECEIVE HIS OR HER INTEREST IN THE BENEFIT OF A PARTICIPANT  
12 WHEN THE PARTICIPANT REACHES HIS OR HER EARLIEST RETIREMENT AGE  
13 BUT HAS NOT SEPARATED FROM SERVICE, THE ALTERNATE PAYEE IS ONLY  
14 ENTITLED TO THE ACTUARIAL EQUIVALENT OF WHAT THE ALTERNATE PAYEE  
15 WOULD BE ENTITLED TO RECEIVE IF HE OR SHE ELECTED TO RECEIVE HIS  
16 OR HER INTEREST IN THE BENEFIT OF A PARTICIPANT WHEN THE PARTICI-  
17 PANT IS ENTITLED TO RETIRE UNDER SECTION 19(1). HOWEVER, THE  
18 RETIREMENT SYSTEM SHALL RECALCULATE THE ACTUARIALLY REDUCED  
19 AMOUNT BEING PAID TO AN ALTERNATE PAYEE UNDER THIS SUBSECTION  
20 WHEN THE PARTICIPANT RETIRES UNDER THIS ACT. IF THE RECALCULATED  
21 AMOUNT IS MORE THAN THE AMOUNT CURRENTLY BEING PAID TO AN ALTER-  
22 NATE PAYEE UNDER THIS SUBSECTION, THE RECALCULATED AMOUNT SHALL  
23 BE PAID TO THE ALTERNATE PAYEE EFFECTIVE THE FIRST DAY OF THE  
24 MONTH IMMEDIATELY FOLLOWING THE MONTH DURING WHICH THE PARTICI-  
25 PANT RETIRES.

26 (4) NOTWITHSTANDING SECTION 27, A QUALIFIED DOMESTIC  
27 RELATIONS ORDER MAY PROVIDE THAT A FORMER SPOUSE IS CONSIDERED

1 THE SPOUSE OF A RETIRANT FOR THE PURPOSE OF RECEIVING A  
2 RETIREMENT ALLOWANCE AS A SURVIVING SPOUSE UNDER SECTION 27. THE  
3 RETIREMENT ALLOWANCE PAYABLE TO A FORMER SPOUSE AS A SURVIVING  
4 SPOUSE UNDER THIS SUBSECTION SHALL BE COMPUTED AS PROVIDED IN THE  
5 QUALIFIED DOMESTIC RELATIONS ORDER AND SECTION 27. IF THE AMOUNT  
6 OR PERCENTAGE OF THE BENEFIT TO BE PAID TO A FORMER SPOUSE AS THE  
7 SURVIVING SPOUSE OF THE PARTICIPANT UNDER THIS SUBSECTION IS LESS  
8 THAN THE ENTIRE AMOUNT PAYABLE UNDER SECTION 27, THE SURVIVING  
9 SPOUSE OF THE PARTICIPANT, AS DETERMINED UNDER SECTION 27, SHALL  
10 BE ENTITLED TO RECEIVE THE PORTION OF THE RETIREMENT ALLOWANCE  
11 NOT PAYABLE TO A FORMER SPOUSE UNDER THIS SUBSECTION.

12 (5) NOTWITHSTANDING SECTION 31, A QUALIFIED DOMESTIC RELA-  
13 TIONS ORDER MAY PROVIDE FOR THE ELECTION OF A PAYMENT OPTION  
14 UNDER SECTION 31 AND PROVIDE THAT THE FORMER SPOUSE OF THE PAR-  
15 TICIPANT IS DESIGNATED AS THE RETIREMENT ALLOWANCE BENEFICIARY  
16 FOR THE PURPOSE OF RECEIVING A RETIREMENT ALLOWANCE UNDER SECTION  
17 31. THE RETIREMENT ALLOWANCE PAYABLE TO A FORMER SPOUSE UNDER  
18 THIS SUBSECTION SHALL BE COMPUTED AS PROVIDED IN THE QUALIFIED  
19 DOMESTIC RELATIONS ORDER AND SECTION 31. IF THE AMOUNT OR PER-  
20 CENTAGE OF THE BENEFIT TO BE PAID TO A FORMER SPOUSE AS THE  
21 RETIREMENT ALLOWANCE BENEFICIARY OF THE PARTICIPANT UNDER THIS  
22 SUBSECTION IS LESS THAN THE ENTIRE AMOUNT PAYABLE TO A RETIREMENT  
23 ALLOWANCE BENEFICIARY UNDER SECTION 31, A RETIREMENT ALLOWANCE  
24 BENEFICIARY DESIGNATED BY THE PARTICIPANT UNDER SECTION 31 SHALL  
25 BE ENTITLED TO RECEIVE THE PORTION OF THE RETIREMENT ALLOWANCE  
26 NOT PAYABLE TO A FORMER SPOUSE UNDER THIS SUBSECTION.

1 (6) THE CREATION, ASSIGNMENT, OR RECOGNITION OF A RIGHT OF  
2 AN ALTERNATE PAYEE TO AN ACTUAL INTEREST IN A SHARE OF A BENEFIT  
3 THAT IS OR WILL BECOME PAYABLE TO A PARTICIPANT PURSUANT TO A  
4 QUALIFIED DOMESTIC RELATIONS ORDER UNDER THIS SECTION IS NOT A  
5 PROHIBITED ASSIGNMENT UNDER SECTION 40.

6 (7) THE RETIREMENT SYSTEM SHALL ESTABLISH A REASONABLE PRO-  
7 CEDURE TO DETERMINE IF A DOMESTIC RELATIONS ORDER IS A QUALIFIED  
8 DOMESTIC RELATIONS ORDER UNDER THIS SECTION. THE RETIREMENT  
9 SYSTEM SHALL PROMPTLY NOTIFY THE PARTICIPANT AND ALTERNATE PAYEE  
10 NAMED IN A DOMESTIC RELATIONS ORDER THAT THE RETIREMENT SYSTEM  
11 HAS RECEIVED THE DOMESTIC RELATIONS ORDER. THE NOTICE SHALL  
12 INCLUDE A DESCRIPTION OF THE PROCEDURE BY WHICH THE RETIREMENT  
13 SYSTEM DETERMINES IF THE DOMESTIC RELATIONS ORDER IS A QUALIFIED  
14 DOMESTIC RELATIONS ORDER UNDER THIS SECTION.

15 (8) THE RETIREMENT SYSTEM SHALL, WITHIN A REASONABLE PERIOD  
16 OF TIME AFTER RECEIVING A DOMESTIC RELATIONS ORDER, DETERMINE IF  
17 THE DOMESTIC RELATIONS ORDER IS A QUALIFIED DOMESTIC RELATIONS  
18 ORDER UNDER THIS SECTION. IF THE RETIREMENT SYSTEM DETERMINES  
19 THAT THE DOMESTIC RELATIONS ORDER IS A QUALIFIED DOMESTIC RELA-  
20 TIONS ORDER UNDER THIS SECTION, THE RETIREMENT SYSTEM SHALL  
21 PROMPTLY NOTIFY THE PARTICIPANT AND ALTERNATE PAYEE NAMED IN THE  
22 QUALIFIED DOMESTIC RELATIONS ORDER THAT THE DOMESTIC RELATIONS  
23 ORDER IS A QUALIFIED DOMESTIC RELATIONS ORDER. THE RETIREMENT  
24 SYSTEM SHALL BEGIN THE PAYMENT OF A BENEFIT UNDER THIS SECTION  
25 PURSUANT TO THE QUALIFIED DOMESTIC RELATIONS ORDER AND THIS SEC-  
26 TION ON THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH  
27 THE DOMESTIC RELATIONS ORDER WAS DETERMINED TO BE A QUALIFIED

1 DOMESTIC RELATIONS ORDER OR THE FIRST DAY OF THE MONTH FOLLOWING  
2 THE MONTH IN WHICH A BENEFIT IS PAYABLE UNDER THE QUALIFIED  
3 DOMESTIC RELATIONS ORDER, WHICHEVER IS LATER. IF THE RETIREMENT  
4 SYSTEM DETERMINES THAT THE DOMESTIC RELATIONS ORDER IS NOT A  
5 QUALIFIED DOMESTIC RELATIONS ORDER UNDER THIS SECTION, THE  
6 RETIREMENT SYSTEM SHALL PROMPTLY NOTIFY THE PARTICIPANT AND  
7 ALTERNATE PAYEE NAMED IN THE DOMESTIC RELATIONS ORDER THAT THE  
8 DOMESTIC RELATIONS ORDER IS NOT A QUALIFIED DOMESTIC RELATIONS  
9 ORDER. THE RETIREMENT SYSTEM SHALL SPECIFY IN THE NOTICE WHY THE  
10 RETIREMENT SYSTEM DETERMINED THAT THE DOMESTIC RELATIONS ORDER IS  
11 NOT A QUALIFIED DOMESTIC RELATIONS ORDER UNDER THIS SECTION. A  
12 DETERMINATION BY THE RETIREMENT SYSTEM THAT A DOMESTIC RELATIONS  
13 ORDER IS NOT A QUALIFIED DOMESTIC RELATIONS ORDER UNDER THIS SEC-  
14 TION DOES NOT PROHIBIT A PARTICIPANT, ALTERNATE PAYEE, OR COURT  
15 FROM FILING AN AMENDED DOMESTIC RELATIONS ORDER WITH THE RETIRE-  
16 MENT SYSTEM UNDER THIS SECTION.

17 (9) A DOMESTIC RELATIONS ORDER FILED WITH THE RETIREMENT  
18 SYSTEM BEFORE THE EFFECTIVE DATE OF THIS SECTION SHALL BE CONSID-  
19 ERED A QUALIFIED DOMESTIC RELATIONS ORDER UNDER THIS SECTION IF  
20 THE DOMESTIC RELATIONS ORDER MEETS ALL OF THE REQUIREMENTS OF  
21 THIS SECTION. THIS SUBSECTION DOES NOT PROHIBIT A PARTICIPANT,  
22 ALTERNATE PAYEE, OR COURT FROM FILING AN AMENDED DOMESTIC RELA-  
23 TIONS ORDER UNDER THIS SECTION.

24 Sec. 27. (1) If a member dies as a result of a personal  
25 injury or disease arising out of and in the course of his or her  
26 employment with the state, or a disability retirant who retired  
27 under section 21 dies prior to becoming age 60 and within 3 years

1 after the member's disability retirement from the same causes for  
2 which he or she was retired, and such death or illness or inju-  
3 ries resulting in death are found by the retirement board to have  
4 been the sole and exclusive result of employment with the state,  
5 the applicable benefits provided in subsections (2), (3), (4),  
6 and (5) shall be paid, subject to ~~subsection~~ SUBSECTIONS (6)  
7 AND (7).

8       (2) The accumulated contributions standing to the member's  
9 account in the employees' savings fund shall be paid to such  
10 person or persons as the member has nominated by written designa-  
11 tion duly executed and filed with the retirement board, or if  
12 there are no such designated person or persons surviving, then to  
13 the member's legal representative.

14       (3) A retirement allowance of  $\frac{1}{3}$  of the final compensation  
15 of the deceased person shall be paid to the surviving spouse to  
16 whom the deceased person was married at the time he or she last  
17 terminated employment with the state. If a child or children  
18 under the age of 18 years also survives the deceased person, each  
19 ~~such~~ child shall receive an allowance of an equal share of  $\frac{1}{4}$   
20 of the deceased person's final compensation. Upon the marriage,  
21 death, or attainment of age 18 years of ~~any such~~ A child, there  
22 shall be a redistribution by the retirement board to the deceased  
23 person's remaining children under age 18 years.

24       (4) If there is no surviving spouse or if the surviving  
25 spouse dies before the youngest surviving child of the deceased  
26 person reaches the age of 18 years, then each ~~such~~ child under  
27 age 18 shall each receive an allowance equal to  $\frac{1}{4}$  of the



1 deceased person's final compensation, but the total so paid in  
2 any year to the children of a deceased person shall not exceed  
3 1/2 of his or her final compensation. If there are more than 2  
4 ~~such~~ surviving children under age 18 years, each ~~such~~ child  
5 shall receive an allowance of an equal share of 1/2 of the  
6 deceased person's final compensation. Upon the marriage, death,  
7 or attainment of age 18 years of ~~any such~~ A child, the child's  
8 allowance shall terminate and there shall be a redistribution by  
9 the retirement board to any remaining eligible children of the  
10 deceased under age 18, but a child shall not receive an allowance  
11 more than 1/4 of the deceased person's final compensation.

12 (5) If there is neither a spouse nor a child under age 18  
13 years surviving the deceased person, then there shall be paid to  
14 each parent of the deceased person whom the retirement board  
15 after investigation determines to have been actually dependent  
16 upon the deceased person through absence of earning power due to  
17 disability, an allowance of 1/6 of the deceased person's final  
18 compensation.

19 (6) The total of the retirement allowances payable under  
20 subsections (3), (4), and (5) on account of the death of a member  
21 or retirant shall not exceed \$2,400.00 per annum, nor an amount  
22 which, when added to the statutory worker's compensation benefit  
23 to which the dependents of the member or retirant are entitled,  
24 exceeds his or her final compensation.

25 (7) THE PAYMENT OF A RETIREMENT ALLOWANCE TO A SURVIVING  
26 SPOUSE UNDER THIS SECTION IS SUBJECT TO A QUALIFIED DOMESTIC  
27 RELATIONS ORDER UNDER SECTION 19B.

1       Sec. 31. (1) ~~Prior to~~ BEFORE the effective date of  
2 retirement, but not thereafter, a member or deferred member who  
3 is eligible for retirement, as provided in ~~sections 19 and 20~~  
4 SECTION 19, 19A, OR 46, shall elect to receive his or her benefit  
5 in a retirement allowance payable throughout life, which shall be  
6 called a regular retirement allowance, or to receive the actuar-  
7 ial equivalent at that time of his or her regular retirement  
8 allowance in a reduced retirement allowance payable throughout  
9 the lives of the retirant and a retirement allowance beneficiary,  
10 in accordance with the provisions of option A or B, as follows:

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

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

23       (2) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3),  
24 THE election of an option shall not be changed on or after the  
25 effective date of the retirement allowance. A retirement allow-  
26 ance beneficiary designated under this section shall not be  
27 changed on or after the effective date of the retirement

1 allowance, and shall be either a spouse, brother, sister, parent,  
2 child, including an adopted child, or grandchild of the person  
3 making the designation UNLESS OTHERWISE PROVIDED IN A QUALIFIED  
4 DOMESTIC RELATIONS ORDER UNDER SECTION 19B. Payment to a retire-  
5 ment allowance beneficiary shall begin on the first day of the  
6 month following the death of the retirant or member.

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

23       (4) A member who continues in the employ of the state on and  
24 after the date he or she either acquires 10 years of service  
25 credit, or becomes eligible for deferred retirement as provided  
26 by section 20(4) or (5), whichever occurs first, may by written  
27 declaration duly executed and filed with the retirement board

1 elect option A, provided for in subsection (1), and nominate a  
2 retirement allowance beneficiary in the same manner as if the  
3 member were then retiring from service, notwithstanding that the  
4 member may not have attained 60 years of age. In the case of the  
5 beneficiary's death or divorce from the member prior to the  
6 effective date of the member's retirement, the member's election  
7 of option A and nomination of retirement allowance beneficiary  
8 shall be automatically revoked and the member may again elect  
9 option A and nominate a retirement allowance beneficiary at any  
10 time prior to the effective date of retirement. If a member who  
11 has made an election and nominated a retirement allowance benefi-  
12 ciary as provided in this subsection dies prior to the effective  
13 date of his or her retirement, then the retirement allowance ben-  
14 eficiary shall immediately receive the same retirement allowance  
15 as he or she would have been entitled to receive under option A  
16 if the member had been regularly retired at that time. Except as  
17 otherwise provided by subsection (5), if a member who has made an  
18 election under this subsection subsequently retires pursuant to  
19 section 19, 19A, OR 46, his or her election of option A shall  
20 take effect at the time of retirement. Subject to the require-  
21 ments of subsection (5), the member may, before the effective  
22 date of retirement, but not thereafter, revoke his or her previ-  
23 ous election of option A and elect to receive his or her retire-  
24 ment allowance as a regular retirement allowance or under option  
25 B as provided for in subsection (1). A retirement allowance  
26 shall not be paid under this subsection on account of the death  
27 of a member if any benefits are paid under section 27 on account

1 of his or her death. If a deferred member who has an option A  
2 election in effect dies prior to the effective date of his or her  
3 retirement, the retirement allowance payable under option A shall  
4 be paid to the retirement allowance beneficiary at the time the  
5 deceased deferred member otherwise would have been eligible to  
6 begin receiving benefits.

7 (5) If a member, deferred member, retiring member, or retir-  
8 ing deferred member is married at the effective date of the  
9 retirement allowance, an election under this section, other than  
10 an election of option A or option B naming the spouse as retire-  
11 ment allowance beneficiary, shall not be effective unless the  
12 election is signed by the spouse, except that this requirement  
13 may be waived by the retirement board if the signature of a  
14 spouse cannot be obtained because of extenuating circumstances.  
15 As used in this subsection, "spouse" means the person to whom the  
16 member, deferred member, retiring member, or retiring deferred  
17 member is married at the effective date of the retirement allow-  
18 ance UNLESS OTHERWISE PROVIDED IN A QUALIFIED DOMESTIC RELATIONS  
19 ORDER UNDER SECTION 19B.

20 (6) If a member who continues in the employ of the state on  
21 and after the date he or she acquires 10 years of service credit,  
22 and who does not have an election of option A in force as pro-  
23 vided in subsection (4), dies prior to the effective date of  
24 retirement and leaves a surviving spouse, the spouse shall  
25 receive a retirement allowance computed in the same manner as if  
26 the member had retired effective the day preceding the date of  
27 his or her death, elected option A, and nominated the spouse as

1 retirement allowance beneficiary. If the retirement allowance  
2 beneficiary dies, his or her retirement allowance shall  
3 terminate. If the aggregate amount of retirement allowance pay-  
4 ments received by the beneficiary is less than the accumulated  
5 contributions credited to the member's account in the employees'  
6 savings fund at the time of the member's death, the difference  
7 between the accumulated contributions and the aggregate amount of  
8 retirement allowance payments received by the beneficiary shall  
9 be transferred from the employer's accumulation fund or pension  
10 reserve fund to the employees' savings fund and paid in accord-  
11 ance with section 29. A retirement allowance shall not be paid  
12 under this subsection on account of the death of a member if ben-  
13 efits are paid under section 27 on account of his or her death.

14 (7) A RETIREMENT ALLOWANCE PAYABLE UNDER A PAYMENT OPTION  
15 PROVIDED IN THIS SECTION IS SUBJECT TO A QUALIFIED DOMESTIC RELA-  
16 TIONS ORDER UNDER SECTION 83A.

17 Sec. 40. (1) The right of a person to a pension, an annui-  
18 ty, a retirement allowance, any optional benefit, any other right  
19 accrued or accruing to any person under the provisions of this  
20 act, the various funds created by this act, and all money and  
21 investments and income thereof, are ~~hereby~~ exempt from any  
22 state, county, municipal, or other local tax, and ~~shall~~ ARE not  
23 ~~be~~ subject to execution, garnishment, attachment, the operation  
24 of bankruptcy or insolvency laws, or other process of law, and  
25 ~~shall be~~ ARE unassignable except as otherwise provided in this  
26 act.

1       (2) The right of a member, member on deferred retirement  
2 status under section 20(4), or retirant to a pension, an annuity,  
3 a retirement allowance, any optional benefit, accumulated contri-  
4 butions, or any other benefit under the provisions of this act  
5 ~~shall be~~ ARE subject to award by a court pursuant to section 18  
6 of chapter 84 of the Revised Statutes of 1846, being section  
7 552.18 of the Michigan Compiled Laws, and to any other order of a  
8 court pertaining to child support. THE RIGHT OF A MEMBER,  
9 DEFERRED MEMBER, OR RETIRANT TO A PENSION, AN ANNUITY, A RETIRE-  
10 MENT ALLOWANCE, OR AN OPTIONAL BENEFIT UNDER THIS ACT IS SUBJECT  
11 TO A QUALIFIED DOMESTIC RELATIONS ORDER PURSUANT TO SECTION 19B.

12       (3) If an award or order described in subsection (2)  
13 requires the retirement system to withhold payment of a pension,  
14 deferred pension, accumulated contributions, or other benefit  
15 from the person to whom it is due or requires the retirement  
16 system to make payment or requires the person to request that the  
17 retirement system make payment of a pension, deferred pension,  
18 accumulated contributions, or other benefit, for the purpose of  
19 meeting the person's obligations to a spouse, former spouse or  
20 child, as provided in subsection (2), the withholding or payment  
21 provisions of the award or order shall be effective only against  
22 such amounts as they become payable to the person receiving a  
23 retirement allowance UNLESS OTHERWISE PROVIDED IN A QUALIFIED  
24 DOMESTIC RELATIONS ORDER UNDER SECTION 19B. The limitation con-  
25 tained in this subsection shall not apply to the accumulated con-  
26 tributions of a person who has terminated employment prior to  
27 acquiring a vested member status.