

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5114**

A bill to amend 1957 PA 261, entitled  
"Michigan legislative retirement system act,"  
by amending the title and sections 8a, 9, 13a, 14, 20, 22a, 22c,  
23, 23d, 26, 30, 57, 59a, 61, 62, 63, and 80 (MCL 38.1008a,  
38.1009, 38.1013a, 38.1014, 38.1020, 38.1022a, 38.1022c, 38.1023,  
38.1023d, 38.1026, 38.1030, 38.1057, 38.1059a, 38.1061, 38.1062,  
38.1063, and 38.1080), the title as amended and sections 61, 63,  
and 80 as added by 1996 PA 486, sections 8a and 59a as added by  
1995 PA 175, sections 9, 22c, 23, 23d, and 26 as amended by 1998  
PA 501, section 13a as amended by 1998 PA 78, sections 14 and 20  
as amended by 1981 PA 123, sections 22a and 30 as amended by 1994  
PA 359, section 57 as amended by 1995 PA 258, and section 62 as  
amended by 1998 PA 305.

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

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2

1

TITLE

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An act for the creation, maintenance, and administration of a legislative members' and presiding officers' retirement system within the legislature; to provide retirement allowances to the participants of the retirement system, and survivors' allowances and other benefits to their beneficiaries upon death; to exempt those allowances and benefits from certain taxes and legal processes; TO ESTABLISH CERTAIN FUNDS IN CONNECTION WITH THE RETIREMENT SYSTEM; to authorize and make appropriations for the retirement system; to prescribe the powers and duties of certain state departments, agencies, officials, and employees; and to prescribe penalties and provide remedies.

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Sec. 8a. (1) ~~Except~~ BEGINNING JANUARY 1, 2002, EXCEPT as otherwise provided in this subsection, "eligible retirement plan" means an individual retirement account described in section 408(a) of the internal revenue code, an individual retirement annuity described in section 408(b) of the internal revenue code, an annuity plan described in section 403(a) of the internal revenue code, or a qualified trust described in section 401(a) of the internal revenue code, AN ANNUITY CONTRACT DESCRIBED IN SECTION 403(b) OF THE INTERNAL REVENUE CODE, OR AN ELIGIBLE PLAN UNDER SECTION 457(b) OF THE INTERNAL REVENUE CODE THAT IS MAINTAINED BY A STATE, POLITICAL SUBDIVISION OF A STATE, OR AN AGENCY OR INSTRUMENTALITY OF A STATE OR POLITICAL SUBDIVISION OF A STATE AND THAT AGREES TO SEPARATELY ACCOUNT FOR AMOUNTS TRANSFERRED INTO THE ELIGIBLE PLAN UNDER SECTION 457(b) OF THE INTERNAL REVENUE CODE FROM THIS RETIREMENT SYSTEM, that accepts the

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1 distributee's eligible rollover distribution. However, in the  
2 case of an eligible rollover distribution to a surviving spouse  
3 ON OR BEFORE DECEMBER 31, 2001, an eligible retirement plan means  
4 an individual retirement account or an individual retirement  
5 annuity described above.

6 (2) ~~"Eligible"~~ BEGINNING JANUARY 1, 2002, "ELIGIBLE roll-  
7 over distribution" means a distribution of all or any portion of  
8 the balance to the credit of the distributee. Eligible rollover  
9 distribution does not include any of the following:

10 (a) A distribution made for the life or life expectancy of  
11 the distributee or the joint lives or joint life expectancies of  
12 the distributee and the distributee's designated beneficiary.

13 (b) A distribution for a specified period of 10 years or  
14 more.

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

17 (d) The portion of any distribution that is not includable  
18 in federal gross income, determined without regard to the exclu-  
19 sion for net unrealized appreciation with respect to employer  
20 securities, EXCEPT TO THE EXTENT THAT THE PORTION OF THE DISTRI-  
21 BUTION THAT IS NOT INCLUDABLE IN FEDERAL GROSS INCOME IS PAID TO  
22 EITHER OF THE FOLLOWING:

23 (i) AN INDIVIDUAL RETIREMENT ACCOUNT OR ANNUITY DESCRIBED IN  
24 SECTION 408(a) OR (b) OF THE INTERNAL REVENUE CODE.

25 (ii) A QUALIFIED DEFINED CONTRIBUTION PLAN AS DESCRIBED IN  
26 SECTION 401(a) OR 403(a) OF THE INTERNAL REVENUE CODE THAT AGREES  
27 TO SEPARATELY ACCOUNT FOR AMOUNTS SO TRANSFERRED, INCLUDING

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1 SEPARATELY ACCOUNTING FOR THE PORTION OF THE DISTRIBUTION WHICH  
2 IS INCLUDABLE IN GROSS INCOME AND THE PORTION OF SUCH DISTRIBU-  
3 TION WHICH IS NOT SO INCLUDABLE.

4 (3) "Internal revenue code" means the United States internal  
5 revenue code of 1986.

6 Sec. 9. (1) "Salary" means the compensation, common to all  
7 legislators, exclusive of travel allowance, paid by the state for  
8 1 year of service as a legislator. A member shall contribute to  
9 the retirement system based on the percentage applied to that  
10 salary.

11 (2) For purposes of section 23, salary also includes an  
12 additional 2% through December 30, 1986, and 4% beginning  
13 December 31, 1986, compounded annually and added for each year or  
14 ~~major~~ portion of a year that expires after the member termi-  
15 nates service and before the member retires, of the member's  
16 greatest salary determined pursuant to subsection (1) received in  
17 1 calendar year. This subsection only applies to a member who  
18 first becomes a member on or before January 1, 1995, and whose  
19 service terminates on or after December 1, 1978.

20 (3) For purposes of section 23, for a member who left serv-  
21 ice before December 1, 1978, salary also includes an additional  
22 2% for each year beginning January 1, 1979 through December 30,  
23 1986 and 4% beginning December 31, 1986, compounded annually and  
24 added for each year or ~~major~~ portion of a year that expires  
25 after the member terminates service and before the member  
26 retires, of the member's greatest salary determined pursuant to  
27 subsection (1) received in 1 calendar year.

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1       (4) For purposes of section 23, salary also includes an  
2 amount equal to the greatest amount of additional compensation  
3 received in 1 calendar year as a result of being in a leadership  
4 position, divided by 5, and then multiplied by the number of  
5 years or ~~major~~ portion of a year, not to exceed 8, in which the  
6 member was in a leadership position and received additional  
7 compensation. Before a member who first becomes a member on or  
8 before January 1, 1995, may have the additional compensation  
9 included in salary under this subsection, the member shall pay to  
10 the retirement system a sum equal to 9% of the total additional  
11 compensation received. Before a member who first becomes a  
12 member after January 1, 1995, may have the additional compensa-  
13 tion included in salary under this subsection, the member shall  
14 pay to the retirement system a sum equal to 7% of the total addi-  
15 tional compensation received.

16       Sec. 13a. (1) "Survivor" means the eligible surviving  
17 spouse or eligible child or children of a member, deferred vested  
18 member, or retirant.

19       (2) "Eligible child" means an unmarried child of a member,  
20 deferred vested member, or retirant who is:

21       (a) Under 18 years of age.

22       (b) Over 18 years of age with a mental or physical disabil-  
23 ity that precludes engaging in any gainful occupation.

24       (c) Over 18 years of age and regularly attending high school  
25 or an accredited institution of higher learning until becoming 25  
26 years of age or no longer regularly attending school, whichever  
27 first occurs.

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1           (3) "SURVIVING SPOUSE" MEANS THE PERSON TO WHOM A MEMBER,  
2 DEFERRED VESTED MEMBER, OR RETIRANT IS LEGALLY MARRIED AT THE  
3 TIME OF HIS OR HER DEATH.

4           Sec. 14. "Refund beneficiary" means the 1 or more persons  
5 named by a member, deferred vested member, or retirant in writing  
6 and filed in the office of the retirement system to receive any  
7 refund of a member, deferred vested member, or retirant's contri-  
8 butions upon his or her death if a survivor's retirement allow-  
9 ance is not payable under this act. In the absence of a valid  
10 beneficiary designation, refund payment shall be made ~~only~~  
11 ~~pursuant to the order of the probate court~~ EXECUTOR OR PER-  
12 SONAL REPRESENTATIVE OF THE DECEASED FOR THE BENEFIT OF THE  
13 ESTATE.

14           Sec. 20. (1) The members' retirement fund is created. The  
15 fund shall accumulate reserves for the payment of retirement  
16 allowances to retired members and deferred vested members as pro-  
17 vided in this act. Upon the basis of mortality and other  
18 experience tables, and the prescribed rate of interest, as the  
19 board shall adopt, the actuary shall compute annually the amount  
20 of retirement reserves for retirement allowances being paid to  
21 retirants and covering service rendered and to be rendered by  
22 members. It is the intention of this act that the retirement  
23 reserves shall be financed by other revenues to the fund and that  
24 annual appropriations shall be determined pursuant to  
25 subsections (2), (3), and (4).

26           (2) The state's appropriation for current service shall be  
27 an amount ~~which~~ THAT, if paid annually during the future

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1 service of members, will be sufficient to provide the reserves at  
2 the time of the members' retirement, after allowing for the net  
3 contributions to the members' savings fund to be made by the mem-  
4 bers, for the future service portions of the retirement allow-  
5 ances to which the members might become entitled.

6 (3) The state's appropriation for members' accrued service  
7 shall be an amount ~~which~~ THAT if paid annually over a period of  
8 years determined by the board, but not to exceed 50 years, will  
9 amortize at the prescribed rate of interest the unfunded reserves  
10 for the accrued service portions of the retirement allowances to  
11 which the members may become entitled.

12 (4) The state's appropriation for retirement allowances  
13 being paid from the members' retirement fund shall be an amount  
14 ~~which~~ THAT if paid annually over a period of years determined  
15 by the board, but not to exceed 50 years, will amortize at the  
16 prescribed rate of interest the unfunded reserves for the retire-  
17 ment allowances.

18 (5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF THE  
19 RETIREMENT BOARD ESTABLISHES AN ARRANGEMENT AND FUND AS DESCRIBED  
20 IN SECTION 6 OF THE PUBLIC EMPLOYEE RETIREMENT BENEFIT PRESERVA-  
21 TION ACT, THE BENEFITS THAT ARE REQUIRED TO BE PAID FROM THAT  
22 FUND SHALL BE PAID FROM A PORTION OF THE EMPLOYER CONTRIBUTIONS  
23 DESCRIBED IN THIS SECTION OR OTHER ELIGIBLE FUNDS. THE RETIRE-  
24 MENT BOARD SHALL DETERMINE THE AMOUNT OF THE EMPLOYER CONTRIBU-  
25 TIONS OR OTHER ELIGIBLE FUNDS THAT SHALL BE ALLOCATED TO THAT  
26 FUND AND DEPOSIT THAT AMOUNT IN THAT FUND BEFORE IT DEPOSITS ANY

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1 REMAINING EMPLOYER CONTRIBUTIONS OR OTHER ELIGIBLE FUNDS IN THE  
2 PENSION FUND.

3       Sec. 22a. (1) An income fund is created in the retirement  
4 system. The retirement system shall credit to the income fund  
5 all interest, dividends, and other income from the investment of  
6 retirement system assets and all other money for which there is  
7 no specific disposition provided in this act.

8       (2) The retirement board annually shall credit regular  
9 interest on the preceding year balances in the members' retire-  
10 ment fund, members' savings fund, survivors' retirement fund,  
11 ~~and~~ grants and insurance revolving fund, AND THE HEALTH INSUR-  
12 ANCE FUND. The retirement board shall charge to the income fund  
13 the interest credited to the funds under this subsection.

14       (3) The retirement system shall pay the expenses for the  
15 administration of the retirement system, exclusive of amounts  
16 payable as retirement allowances and other benefits provided in  
17 this act, from the income fund.

18       Sec. 22c. (1) The health insurance fund is created in the  
19 retirement system. The retirement system shall deposit into the  
20 health insurance fund the member contributions for health bene-  
21 fits required by this section, subscriber co-payments, payments  
22 under section 79, REGULAR INTEREST FROM THE INCOME FUND, and  
23 state appropriations. The retirement system shall disburse from  
24 the health insurance fund the premiums or portion of the premiums  
25 for dental, hospital, and medical coverage insurance as required  
26 by sections 50b and 79.



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1       (2) Except as otherwise provided in this subsection, a  
2 member shall make contributions to the health insurance fund of  
3 1% of each payment of salary received that is attributable to  
4 service performed on and after January 1, 1995. Beginning on the  
5 effective date of section 36a, a member who first became a member  
6 of Tier 1 on or before January 1, 1995 shall make contributions  
7 to the health insurance fund of 9% of each payment of salary  
8 received by the member for service as a member. Beginning on the  
9 effective date of section 36a, a member who first became a member  
10 of Tier 1 after January 1, 1995 shall make contributions to the  
11 health insurance fund of 7% of each payment of salary received by  
12 the member for service as a member. The increased contributions  
13 required under this subsection by the amendatory act that added  
14 section 36a will continue unless suspended by the board under  
15 section 36a. The contributions shall be made by payroll deduc-  
16 tions and each member is considered to consent to the deductions  
17 as a condition of membership in the retirement system.

18       (3) EXCEPT AS OTHERWISE PROVIDED BY THIS ACT, MEMBERSHIP  
19 CONTRIBUTIONS TO THE HEALTH INSURANCE FUND ARE NOT REFUNDABLE.

20       Sec. 23. (1) A member or deferred vested member who meets  
21 the following requirements shall be entitled to a retirement  
22 allowance:

23       (a) The member or deferred vested member qualifies under 1  
24 of the following:

25       (i) Has not less than 8 years of service.

26       (ii) Has not less than 6 years of service, and has been  
27 elected, qualified, and seated not less than 4 times for full or

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1 partial terms if a member of the house or not less than 2 times  
2 if a member of the senate elected after November 7, 1966, or has  
3 not less than 6 years of service and has been elected, qualified,  
4 and seated not less than 2 times for full or partial terms as a  
5 member of the house and not less than 1 time as a member of the  
6 senate elected after November 7, 1966.

7 (iii) Effective January 1, 1987, has not less than 5 years  
8 of service and has been elected, qualified, and seated for a full  
9 or partial term not less than 3 times if a member of the house or  
10 not less than 2 times if a member of the senate, or not less than  
11 1 time as a member of the house and not less than 1 time as a  
12 member of the senate.

13 (b) The member or deferred vested member has attained 55  
14 years of age.

15 (c) The member or deferred vested member has filed with the  
16 board a written application for a retirement allowance that  
17 states the years of service, the highest salary received during  
18 the member's or deferred vested member's service before applica-  
19 tion, and the date the member or deferred vested member desires  
20 to be retired, which date shall be not more than 90 days after  
21 the execution and filing of the application.

22 (2) A member shall not be entitled to receive a retirement  
23 allowance provided for in this section or section 23d while serv-  
24 ing as a legislator or lieutenant governor. Each person receiv-  
25 ing benefits under this act consents and agrees as a condition of  
26 receiving the benefits that benefits of any nature shall not be  
27 paid while the person is a legislator or lieutenant governor.

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1           (3) A deferred vested member who left service after  
2   December 31, 1974, and before January 1, 1979, and who becomes a  
3   retirant shall be entitled to an annual retirement allowance of  
4   30% of the salary stated in the application for the first 8 years  
5   of service plus 3.75% for each of the next 8 years of service. A  
6   fraction of a year of service in excess of 8 years shall be  
7   prorated. If the retirant has less than 8 years of service but  
8   qualifies by the election method, the retirement allowance shall  
9   be that proportion of 30% that his or her years of service and  
10   fraction of a year of service bears to 8 years. Years of service  
11   listed in the application need not be consecutive but shall have  
12   been rendered before payment of the retirement allowance. Except  
13   as provided in section 23c, a retirement allowance shall not  
14   exceed 60% of the salary stated in the application.

15           (4) A member who retired after December 31, 1978 and before  
16   January 1, 1987, or a deferred vested member who left service  
17   after December 31, 1978 and before January 1, 1987, and becomes a  
18   retirant, shall be entitled to an annual retirement allowance of  
19   32% of the salary stated in his or her application for the first  
20   8 years of service plus 4% for each of the next 8 years of  
21   service. A fraction of a year of service in excess of 8 years  
22   shall be prorated. If the member or deferred vested member has  
23   less than 8 years of service but qualifies by the election  
24   method, the retirement allowance shall be that proportion of 32%  
25   that his or her years of service and fraction of a year of serv-  
26   ice bears to 8 years. Years of service listed in the application  
27   need not be consecutive, but shall have been rendered before

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1 payment of the retirement allowance. Except as provided in  
2 section 23c, a retirement allowance shall not exceed 64% of the  
3 salary stated in the application.

4 (5) A member who first becomes a member on or before  
5 January 1, 1995 and who retires after December 31, 1986, or a  
6 deferred vested member who first becomes a member on or before  
7 January 1, 1995, who leaves service after December 31, 1986, and  
8 who becomes a retirant, shall be entitled to an annual retirement  
9 allowance of 20% of the salary stated in his or her application  
10 for the first 5 years of service plus 4% for each of the next 11  
11 years of service. A fraction of a year of service in excess of 5  
12 years shall be prorated. Years of service listed in the applica-  
13 tion need not be consecutive, but shall have been rendered before  
14 payment of the retirement allowance. Except as provided in this  
15 subsection and section 23c, a retirement allowance shall not  
16 exceed 64% of the salary stated in the application. Effective  
17 January 1, 1987, however, a member who first becomes a member on  
18 or before January 1, 1995 and who has 16 or more years of service  
19 shall also be entitled to a longevity allowance of 1.0% of the  
20 member's salary for each year of service beyond 16 years but,  
21 except as otherwise provided in this subsection, not to exceed 20  
22 years. Except as provided in this subsection and section 23c,  
23 the retirement allowance of a member entitled to a longevity  
24 allowance under this subsection shall not exceed 68% of the  
25 salary stated in the application. Beginning January 1, 1989, a  
26 member who first becomes a member on or before January 1, 1995,  
27 who has 20 or more years of service, and who meets the age and

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1 service requirements or service requirements to be eligible to  
2 receive a retirement allowance under this act shall be entitled  
3 to a longevity allowance of 1.0% of the member's salary for each  
4 year of service beyond 20 years.

5 (6) A member who first becomes a member on or after  
6 January 2, 1995 and who becomes a retirant under this act is  
7 entitled to an annual retirement allowance equal to the product  
8 of the following:

9 (a) The salary stated in his or her application.

10 (b) Years and fraction of a year of service.

11 (c) Three percent.

12 (7) A retirant who elects to purchase military service  
13 credit pursuant to section 11(2) shall have his or her retirement  
14 allowance recalculated to include the military service credit  
15 purchased pursuant to that section. The first payment of the  
16 recalculated retirement allowance shall be made effective with  
17 the first check after the recalculation is made.

18 (8) The retirement allowance of a retirant who, on  
19 January 1, 1987, satisfied the conditions required by  
20 section 9(3) shall have his or her retirement allowance recalcu-  
21 lated to reflect the increase in salary for those years permitted  
22 by section 9(3) before the member became a retirant.

23 (9) Within 30 days after becoming 55 years of age, a  
24 deferred vested member may elect to defer receipt of the retire-  
25 ment allowance to which the member is entitled under this act to  
26 a date certain, not to exceed 70-1/2 years of age. Except as  
27 otherwise provided in this subsection, at the date the member

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1 designates to begin receipt of his or her retirement allowance,  
2 the member's retirement allowance shall be actuarially recomputed  
3 to reflect the member's age and life expectancy at initial  
4 receipt of the deferred retirement allowance. Upon request of  
5 the deferred vested member who elects to begin receiving his or  
6 her retirement allowance, the retirement board may pay to the  
7 member a lump sum payment of an amount equal to the sum of the  
8 retirement allowance that was deferred pursuant to this  
9 subsection. The retirement board shall not actuarially recompute  
10 the member's retirement allowance upon payment of a lump sum  
11 under this subsection. IF A DEFERRED VESTED MEMBER HAS ELECTED  
12 TO DEFER RECEIPT OF HIS OR HER RETIREMENT ALLOWANCE UNDER SECTION  
13 23(9)(A) AND SUBSEQUENTLY DIES BEFORE RETIREMENT, 100% OF HIS OR  
14 HER DEFERRED BENEFIT SHALL BE PAID IN ACCORDANCE WITH A BENEFI-  
15 CIARY DESIGNATION THAT THE MEMBER SHALL HAVE FILED WITH THE  
16 BOARD.

17 (10) Notwithstanding subsection (1), a member or deferred  
18 vested member may retire with a retirement allowance computed  
19 according to the applicable provisions of this section if all of  
20 the following apply:

21 (a) The member or deferred vested member files a written  
22 application with the retirement board stating a date, not less  
23 than 30 nor more than 90 days after the execution and filing of  
24 the application, on which the member or deferred vested member  
25 desires to retire.

26 (b) On the last day of the month immediately preceding the  
27 retirement allowance effective date stated in the application,

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1 the member's or deferred vested member's combined age and length  
2 of credited service is equal to or greater than 70 years and the  
3 member or deferred vested member is 50 years of age or older.

4 (11) A member who retires before January 1, 1987 or a  
5 deferred vested member who leaves service before January 1, 1987  
6 and becomes a retirant shall, in addition to the retirement  
7 allowance calculated under subsection (3) or (4), be entitled to  
8 a longevity allowance if the retirant or deferred vested member  
9 has more than 16 years of service. The longevity allowance is  
10 1.0% of the former member's salary stated in the application for  
11 each year of service beyond 16 years but, except as otherwise  
12 provided in this subsection, not to exceed 20. A member who  
13 retires before January 1, 1987 or a deferred vested member who  
14 leaves service before January 1, 1987 and becomes a retirant  
15 shall, in addition to the retirement allowance calculated under  
16 subsection (3) or (4), be entitled to a longevity allowance of  
17 1.0% of the former member's salary stated in the application for  
18 each year of service beyond 20 years that was served after the  
19 member met the age and service requirements or service require-  
20 ments to be eligible to receive a retirement allowance under this  
21 act. The retirement allowance of a retirant who satisfies the  
22 conditions under this subsection shall have his or her retirement  
23 allowance recalculated to reflect the longevity allowance for  
24 those years permitted by this subsection effective January 1,  
25 1987 or the date of retirement, whichever is later. The applica-  
26 tion of the longevity allowance to the retirant's retirement  
27 allowance under this subsection shall be applied before the

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1 provisions of section 23c are applied to that retirement  
2 allowance. Except as provided in this subsection and section  
3 23c, a retirement allowance shall not exceed 68% of the salary  
4 stated in the application.

5       Sec. 23d. (1) A member ~~who is not entitled to a retirement~~  
6 ~~allowance under section 23~~ WHO MEETS THE SERVICE REQUIREMENTS OF  
7 SECTION 23(1)(A) BUT NOT THE AGE REQUIREMENTS OF SECTION  
8 23(1)(B), A MEMBER WHO DOES NOT MEET THE REQUIREMENTS OF SECTION  
9 23(10)(B), or a deferred vested member may receive a retirement  
10 allowance if the board has received a certification by not less  
11 than 2 licensed physicians appointed by the board stating that  
12 the member or deferred vested member is disabled from engaging in  
13 any substantial gainful activity by reason of a medically deter-  
14 minable physical or mental impairment that can be expected to  
15 result in death, or can be expected to last for a continuous  
16 period of 12 months or more.

17       (2) A member or deferred vested member who is determined  
18 eligible to receive a retirement allowance under subsection (1)  
19 shall receive the retirement allowance applicable to that member  
20 or deferred vested member provided for in section ~~24(4)~~ 23(4),  
21 (5), or (6).

22       (3) A member who is currently receiving compensation as a  
23 legislator or lieutenant governor shall not receive a retirement  
24 allowance under this section.

25       (4) The board may provide for the examination by 1 or more  
26 licensed physicians designated by the board at least once a year  
27 of a person who is receiving a retirement allowance under this



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1 section during the continuance of the disability. The board  
2 shall not provide for an examination after the member attains 55  
3 years of age.

4 Sec. 26. (1) Beginning January 1, 1999, the retirement  
5 system shall be administered by a board of trustees, consisting  
6 of 11 persons as follows:

7 (a) Two members of the house of representatives appointed by  
8 the speaker of the house of representatives.

9 (b) Two members of the senate, appointed in the same manner  
10 as members of standing committees of the senate are appointed.

11 (c) Two retirants appointed by the speaker of the house of  
12 representatives and 2 retirants appointed by the senate majority  
13 leader.

14 (d) One deferred vested member appointed by the speaker of  
15 the house of representatives and 1 deferred vested member  
16 appointed by the senate majority leader. IF A DEFERRED VESTED  
17 MEMBER SERVING ON THE BOARD BECOMES A RETIRANT DURING HIS OR HER  
18 TERM OF OFFICE, HE OR SHE SHALL BE ENTITLED TO SERVE THE REMAIN-  
19 DER OF HIS OR HER TERM OF OFFICE.

20 (e) One participant of Tier 2 who was a former member of  
21 Tier 1 appointed in 1999 by the senate majority leader and begin-  
22 ning in 2001 appointed alternately by the speaker of the house of  
23 representatives and the senate majority leader. However, if  
24 there is no participant of Tier 2 who meets the former member  
25 requirement of this subdivision, then 1 additional deferred  
26 vested member appointed in the manner prescribed in this  
27 subdivision.

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1       (2) Only members of the retirement system are eligible to  
2     serve as members on the board of trustees except for the retir-  
3     ants and Tier 2 participant authorized under subsection (1).  
4     Board members appointed under subsection (1)(a) and (b) are  
5     appointed for 2-year terms. Board members appointed under sub-  
6     section (1)(c) are appointed for 4-year terms. Board members  
7     appointed for terms beginning in 1999 under subsection (1)(d) are  
8     appointed for 2-year terms. Board members appointed for terms  
9     beginning in 2001 under subsection (1)(d) are appointed for  
10    4-year terms. A board member appointed for a term beginning in  
11    1999 under subsection (1)(e) is appointed for a 2-year term.  
12    Beginning in 2001, a board member appointed under subsection  
13    (1)(e) is appointed for a 4-year term. For terms beginning on or  
14    after January 1, 1999, board members appointed under subsection  
15    (1)(c), (d), or (e) shall not serve as a board member under those  
16    subdivisions for a combined total of more than 8 years.

17       (3) Each person, whether appointed as a trustee or becoming  
18    a trustee ex officio, shall take an oath of office before the  
19    secretary of state, clerk of the house, or secretary of the  
20    senate, and, upon taking the oath, qualifies as a trustee. The  
21    oath of office shall be as prescribed under section 1 of article  
22    XI of the state constitution of 1963.

23       Sec. 30. Each trustee is entitled to 1 vote on any action  
24    of the board and at least ~~5~~ 6 concurring votes are necessary  
25    for any action by the board at a meeting. A decision or action  
26    shall not become effective, unless presented and so approved by  
27    the action of the board. A trustee shall not vote by proxy, but

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1 shall be present at the meeting in order to have his or her vote  
2 recorded.

3       Sec. 57. (1) ~~Except as provided in subsection (2), all~~  
4 ALL retirement allowances and other benefits payable under this  
5 act and all accumulated credits of members, deferred vested mem-  
6 bers, and retirants in this retirement system are ~~unassignable~~  
7 ~~and are~~ not subject to ~~execution, garnishment, or attachment,~~  
8 ~~or to~~ taxation by this state or any political subdivisions of  
9 this state.

10       (2) All retirement allowances and other benefits payable  
11 under this act and all accumulated contributions of members,  
12 deferred vested members, and retirants in this retirement system  
13 are subject to ~~award by a court pursuant to section 18 of chap-~~  
14 ~~ter 84 of the Revised Statutes of 1846, being section 552.18 of~~  
15 ~~the Michigan Compiled Laws, and to any other order of a court~~  
16 ~~pertaining to alimony or child support~~ THE PUBLIC EMPLOYEE  
17 RETIREMENT BENEFIT PROTECTION ACT. ~~All retirement allowances and~~  
18 ~~other benefits payable under this act and all accumulated contri-~~  
19 ~~butions of members, deferred vested members, and retirants in~~  
20 ~~this retirement system are subject to eligible domestic relations~~  
21 ~~orders under the eligible domestic relations order act, Act~~  
22 ~~No. 46 of the Public Acts of 1991, being sections 38.1701 to~~  
23 ~~38.1711 of the Michigan Compiled Laws.~~

24       ~~(3) If an award or order described in subsection (2)~~  
25 ~~requires the retirement system to withhold payment of a pension,~~  
26 ~~deferred pension, accumulated contributions, or other benefit~~  
27 ~~from the person to whom it is due or requires the retirement~~

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~~1 system to make payment or requires the person to request that the  
2 retirement system make payment of a pension, deferred pension,  
3 accumulated contributions, or other benefit, for the purpose of  
4 meeting the person's obligations to a spouse, former spouse or  
5 child, as provided in subsection (2), the withholding or payment  
6 provisions of the award or order shall be effective only against  
7 those amounts as they become payable to the person receiving a  
8 retirement allowance unless otherwise provided in an eligible  
9 domestic relations order under Act No. 46 of the Public Acts of  
10 1991. The limitation contained in this subsection does not apply  
11 to the accumulated contributions of a person who has terminated  
12 employment before acquiring a vested member status.~~

13       Sec. 59a. (1) This section is enacted pursuant to  
14 section 401(a) of the internal revenue code that imposes certain  
15 administrative requirements and benefit limitations for qualified  
16 governmental plans. This state intends that the retirement  
17 system be a qualified pension plan created in trust under section  
18 401 of the internal revenue code and that the trust be an exempt  
19 organization under section 501 of the internal revenue code. The  
20 board of trustees shall administer the retirement system to ful-  
21 fill this intent.

22       (2) Except as otherwise provided in this section,  
23 employer-financed benefits provided by the retirement system  
24 under this act shall not exceed the lesser of \$90,000.00 or 100%  
25 of the member's average compensation for high 3 years as  
26 described in section 415(b)(3) of the internal revenue code for  
27 retirement occurring at age 62 or older.

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1       (3) The limitation on employer financed benefits provided by  
2 the retirement system under subsection (2) applies unless appli-  
3 cation of subsections (4) and (5) produces a higher limitation,  
4 in which case the higher limitation applies.

5       (4) If a member retires before age 62, the amount of  
6 \$90,000.00 in subsection (2) is actuarially reduced to reflect  
7 payment before age 62. The retirement system shall use an inter-  
8 est rate of 5% per year compounded annually to calculate the  
9 actuarial reduction in this subsection. If this subsection  
10 produces a limitation of less than \$75,000.00 at age 55, the lim-  
11 itation at age 55 is \$75,000.00 and the limitations for ages  
12 under age 55 shall be calculated from a limitation of \$75,000.00  
13 at age 55.

14       (5) Section 415(d) of the internal revenue code requires the  
15 commissioner of internal revenue to adjust the \$90,000.00 limita-  
16 tion in subsection (2) to reflect cost of living increases,  
17 beginning with calendar year 1988. This subsection shall be  
18 administered using the limitations applicable to each calendar  
19 year as adjusted by the commissioner of internal revenue under  
20 section 415(d) of the internal revenue code. The retirement  
21 system shall adjust the benefits subject to the limitation each  
22 year to conform with the adjusted limitation.

23       (6) The assets of the retirement system shall be held in  
24 trust and invested for the sole purpose of meeting the legitimate  
25 obligations of the retirement system and shall not be used for  
26 any other purpose. The assets shall not be used for or diverted  
27 to a purpose other than for the exclusive benefit of the members,

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1 vested former members, retirants, and retirement allowance  
2 beneficiaries before satisfaction of all retirement system  
3 liabilities.

4 (7) The retirement system shall return post-tax member con-  
5 tributions made by a member and received by the retirement system  
6 to a member upon retirement, pursuant to internal revenue service  
7 regulations and approved internal revenue service exclusion ratio  
8 tables.

9 (8) The required beginning date for retirement allowances  
10 and other distributions shall not be later than April 1 of the  
11 calendar year following the calendar year in which the employee  
12 attains age 70-1/2 or April 1 of the calendar year following the  
13 calendar year in which the employee retires.

14 (9) If the retirement system is terminated, the interest of  
15 the members, deferred vested members, retirants, and retirement  
16 allowance beneficiaries in the retirement system is nonforfeit-  
17 able to the extent funded as described in section 411(d)(3) of  
18 the internal revenue code and related internal revenue service  
19 regulations applicable to governmental plans.

20 (10) Notwithstanding any other provision of this act to the  
21 contrary that would limit a distributee's election under this  
22 act, a distributee may elect, at the time and in the manner pre-  
23 scribed by the board of trustees, to have any portion of an eli-  
24 gible rollover distribution paid directly to an eligible retire-  
25 ment plan specified by the distributee in a direct rollover.  
26 This subsection applies to distributions made on or after  
27 January 1, 1993.

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1       (11) For purposes of determining actuarial equivalent  
2 retirement allowances under this act, the actuarially assumed  
3 interest rate shall be 7% with utilization of the 1971 group  
4 annuity and mortality table.

5       (12) Notwithstanding any other provision of this section,  
6 the retirement system shall be administered in compliance with  
7 the provisions of section 415 of the internal revenue code and  
8 revenue service regulations under this section that are applica-  
9 ble to governmental plans. If there is a conflict between this  
10 section and another section of this or any other act of this  
11 state, this section prevails.

12       (13) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE  
13 COMPENSATION OF A MEMBER OF THE RETIREMENT SYSTEM SHALL BE TAKEN  
14 INTO ACCOUNT FOR ANY YEAR UNDER THE RETIREMENT SYSTEM ONLY TO THE  
15 EXTENT THAT IT DOES NOT EXCEED THE COMPENSATION LIMIT ESTABLISHED  
16 IN SECTION 401(a)(17) OF THE INTERNAL REVENUE CODE, AS ADJUSTED  
17 BY THE COMMISSIONER OF INTERNAL REVENUE. THIS SUBSECTION APPLIES  
18 TO ANY PERSON WHO FIRST BECOMES A MEMBER OF THE RETIREMENT SYSTEM  
19 ON OR AFTER OCTOBER 1, 1996.

20       (14) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, CON-  
21 TRIBUTIONS, BENEFITS, AND SERVICE CREDIT WITH RESPECT TO QUALI-  
22 FIED MILITARY SERVICE WILL BE PROVIDED UNDER THE RETIREMENT  
23 SYSTEM IN ACCORDANCE WITH SECTION 414(u) OF THE INTERNAL REVENUE  
24 CODE. THIS SUBSECTION APPLIES TO ALL QUALIFIED MILITARY SERVICE  
25 ON OR AFTER DECEMBER 12, 1994.

26       Sec. 61. (1) The retirement system shall provide an  
27 opportunity for each member who is a member on March 30, 1997, to

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1 elect in writing to terminate membership in Tier 1 and elect to  
2 become a qualified participant in Tier 2. An election made by a  
3 member under this subsection is irrevocable. The retirement  
4 system shall accept written elections under this subsection from  
5 members during the period beginning on January 2, 1998 and ending  
6 on April 30, 1998. A member who does not make a written election  
7 or who does not file the election during the period specified in  
8 this subsection continues to be a member of Tier 1. A member who  
9 makes and files a written election under this subsection elects  
10 to do all of the following:

11 (a) Cease to be a member of Tier 1 effective 12 midnight May  
12 31, 1998.

13 (b) Become a qualified participant in Tier 2 effective 12:01  
14 a.m., June 1, 1998.

15 (c) Except as otherwise provided in this subdivision, waive  
16 all of his or her rights to a pension, an annuity, a retirement  
17 allowance, an insurance benefit, or any other benefit under this  
18 act effective 12 midnight May 31, 1998. This subdivision does  
19 not affect a person's right to health benefits provided under  
20 this act pursuant to section 79.

21 (2) If an individual who was a deferred vested member on  
22 March 30, 1997, or an individual who was a former nonvested  
23 member on March 30, 1997 becomes a legislator or lieutenant gov-  
24 ernor and is again eligible for membership in Tier 1, the indi-  
25 vidual shall elect in writing to remain a member of Tier 1 or to  
26 terminate membership in Tier 1 and become a qualified participant  
27 in Tier 2. An election made by a deferred vested member or a



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1 former nonvested member under this subsection is irrevocable.  
2 The retirement system shall accept written elections under this  
3 subsection from a deferred vested member or a former nonvested  
4 member during the period beginning on the date of the  
5 individual's eligibility for membership and ending upon the expi-  
6 ration of 60 days after the date of that eligibility. A deferred  
7 vested member or former nonvested member who makes and files a  
8 written election to remain a member of Tier 1 retains all rights  
9 and is subject to all conditions as a member of Tier 1 under this  
10 act. A deferred vested member or former nonvested member who  
11 does not make a written election or who does not file the elec-  
12 tion during the period specified in this subsection continues to  
13 be a member of Tier 1. A deferred vested member or former non-  
14 vested member who makes and files a written election to terminate  
15 membership in Tier 1 elects to do all of the following:

16 (a) Cease to be a member of Tier 1 effective 12 midnight on  
17 the last day of the payroll period that includes the date of the  
18 election.

19 (b) Become a qualified participant in Tier 2 effective 12:01  
20 a.m. on the first day of the payroll period immediately following  
21 the date of the election.

22 (c) Except as otherwise provided in this subdivision, waive  
23 all of his or her rights to a pension, an annuity, a retirement  
24 allowance, an insurance benefit, or any other benefit under Tier  
25 1 effective 12 midnight on the last day of the payroll period  
26 that includes the date of the election. This subdivision does

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1 not affect an individual's right to health benefits provided  
2 under this act pursuant to section 79.

3 (3) After consultation with the retirement system's actuary,  
4 ~~and the retirement board, the department of management and~~  
5 ~~budget~~ shall determine the method by which a member, deferred  
6 vested member, or former nonvested member shall make a written  
7 election under this section. If the member, deferred vested  
8 member, or former nonvested member is married at the time of the  
9 election, the election is not effective unless the election is  
10 signed by the individual's spouse. However, the retirement board  
11 may waive this requirement if the spouse's signature cannot be  
12 obtained because of extenuating circumstances.

13 (4) An election under this section is subject to the eligi-  
14 ble domestic relations order act, ~~Act No. 46 of the Public Acts~~  
15 ~~of 1991, being sections 38.1701 to 38.1711 of the Michigan~~  
16 ~~Compiled Laws~~ 1991 PA 46, MCL 38.1701 TO 38.1711.

17 (5) If the ~~department of management and budget~~ BOARD  
18 receives notification from the United States internal revenue  
19 service that this section or any portion of this section will  
20 cause the retirement system to be disqualified for tax purposes  
21 under the internal revenue code, then the portion that will cause  
22 the disqualification does not apply.

23 Sec. 62. (1) For a member who elects to terminate member-  
24 ship in Tier 1 under section 61(1), the retirement system shall  
25 direct the state treasurer to transfer a lump sum amount from the  
26 appropriate fund created under this act to the qualified  
27 participant's account in Tier 2 on or before September 30, 1998.

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1 The retirement system shall calculate the amount to be  
2 transferred, which shall be equal to the sum of the following:

3 (a) The member's accumulated contributions AND APPLICABLE  
4 INTEREST, if any, from the member's savings fund as of 12 mid-  
5 night May 31, 1998.

6 (b) For a member who is vested under section 23(1)(a) as of  
7 12 midnight on May 31, 1998, the excess, if any, of the actuarial  
8 present value of the member's accumulated benefit obligation,  
9 over the amount specified in subdivision (a), from the member's  
10 retirement fund. Except as provided in subsection (5), for the  
11 purposes of this subsection, the present value of the member's  
12 accumulated benefit obligation is based upon the member's esti-  
13 mated credited service and estimated final salary as of 12 mid-  
14 night on May 31, 1998. The actuarial present value shall be com-  
15 puted as of 12 midnight May 31, 1998 and shall be based on the  
16 following:

17 (i) Eight percent effective annual interest, compounded  
18 annually.

19 (ii) A 50% male and 50% female gender neutral blend of the  
20 mortality tables used to project retirant longevity in the most  
21 recent actuarial valuation report.

22 (iii) A benefit commencement age, based upon the member's  
23 estimated credited service as of 12 midnight May 31, 1998. The  
24 benefit commencement age shall be the younger of the following,  
25 but shall not be younger than the member's age as of 12 midnight  
26 May 31, 1998:

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1 (A) Age 55.

2 (B) The member's age, if the member is at least 50 years old  
3 and the sum of his or her age and estimated credited service  
4 equals or exceeds 70.

5 (c) Interest on any amounts determined in subdivisions (a)  
6 and (b), from June 1, 1998 to the date of the transfer, based  
7 upon 8% annual interest, compounded annually.

8 (2) For each member who elects to terminate membership in  
9 the retirement system under section 61(1), the retirement system  
10 shall recompute the amount transferred under subsection (1) not  
11 later than November 30, 1998 based upon the member's actual cred-  
12 ited service and actual final salary as of 12 midnight May 31,  
13 1998. If the recomputed amount differs from the amount trans-  
14 ferred under subsection (1) by \$10.00 or more, not later than  
15 December 15, 1998, the retirement system shall do all of the  
16 following:

17 (a) Direct the state treasurer to transfer from the members'  
18 retirement fund to the qualified participant's account in Tier 2  
19 the excess, if any, of the recomputed amount over the previously  
20 transferred amount together with interest from 12 midnight May  
21 31, 1998 to the date of the transfer under this subsection, based  
22 upon 8% effective annual interest, compounded annually.

23 (b) Direct the state treasurer to transfer from the quali-  
24 fied participant's account in Tier 2 to the members' retirement  
25 fund the excess, if any, of the previously transferred amount  
26 over the recomputed amount, together with interest, from the date

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1 of the transfer made under subsection (1), based upon 8%  
2 effective annual interest, compounded annually.

3 (3) For a deferred vested member who elects to terminate  
4 membership in this retirement system under section 61(2), the  
5 retirement system shall direct the state treasurer to transfer a  
6 lump sum amount from the appropriate fund created under this act  
7 to the qualified participant's account in Tier 2 on or before the  
8 expiration of 60 days after the date of the individual's termina-  
9 tion of employment. The retirement system shall calculate the  
10 amount to be transferred, which shall be equal to the sum of the  
11 following:

12 (a) The deferred vested member's accumulated contributions  
13 AND APPLICABLE INTEREST, if any, from the members' savings fund  
14 as of 12 midnight on the last day of the payroll period that  
15 includes the date of the election.

16 (b) The excess, if any, of the actuarial present value of  
17 the deferred vested member's accumulated benefit obligation, over  
18 the amount specified in subdivision (a), from the members'  
19 retirement fund. Except as provided in subsection (5), for the  
20 purposes of this subsection, the present value of the deferred  
21 vested member's accumulated benefit obligation is based upon the  
22 deferred vested member's estimated credited service and estimated  
23 final salary as of 12 midnight on the last day of the payroll  
24 period that includes the date of the election. The actuarial  
25 present value shall be computed as of 12 midnight on that date  
26 and shall be based on the following:

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1       (i) Eight percent effective annual interest, compounded  
2 annually.

3       (ii) A 50% male and 50% female gender neutral blend of the  
4 mortality tables used to project retirant longevity in the most  
5 recent annual actuarial valuation report.

6       (iii) A benefit commencement age, based upon the member's  
7 estimated credited service as of 12 midnight on the last day of  
8 the payroll period that includes the date of the election. The  
9 benefit commencement age shall be the younger of the following,  
10 but shall not be younger than the member's age as of 12 midnight  
11 on the last day of the payroll period that includes the date of  
12 the election:

13       (A) Age 55.

14       (B) The deferred member's age, if the deferred member is at  
15 least 50 years old and the sum of his or her age and estimated  
16 credited service equals or exceeds 70.

17       (c) Interest on any amounts determined in subdivisions (a)  
18 and (b), from the first day of the payroll period immediately  
19 following the date of the election to the date of the transfer,  
20 based upon 8% effective annual interest, compounded annually.

21       (4) For each deferred vested member who elects to terminate  
22 membership in Tier 1 under section 61(2), the retirement system  
23 shall recompute the amount transferred under subsection (3) not  
24 later than the expiration of 90 days after the transfer occurs  
25 under subsection (3) based upon the deferred vested member's  
26 actual credited service and actual final salary as of 12 midnight  
27 on the last day of the payroll period that includes the date of

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1 the election. If the recomputed amount differs from the amount  
2 transferred under subsection (3) by \$10.00 or more, the retire-  
3 ment system shall do all of the following:

4 (a) Direct the state treasurer to transfer from the members'  
5 retirement fund to the qualified participant's account in Tier 2  
6 the excess, if any, of the recomputed amount over the previously  
7 transferred amount together with interest from 12 midnight on the  
8 last day of the payroll period that includes the date of the  
9 election to the date of the transfer under this subsection, based  
10 upon 8% effective annual interest, compounded annually.

11 (b) Direct the state treasurer to transfer from the quali-  
12 fied participant's account in Tier 2 to the members' retirement  
13 fund the excess, if any, of the previously transferred amount  
14 over the recomputed amount, together with interest, from the date  
15 of the transfer made under subsection (3), based upon 8% effec-  
16 tive annual interest, compounded annually.

17 (5) For the purposes of subsections (1) to (4), the calcula-  
18 tion of estimated and actual present value of the member's or  
19 deferred vested member's accumulated benefit obligation shall be  
20 based upon methods adopted by ~~the department of management and~~  
21 ~~budget and~~ the retirement system's actuary in consultation with  
22 the retirement board. The retirement system shall utilize the  
23 same actuarial valuation report used to calculate the amount  
24 transferred under subsection (1) or (3) when making the recompu-  
25 tation required under subsection (2) or (4). Estimated and  
26 actual final salary shall be determined as provided in section 9

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1 as of 12 midnight on the date the member or deferred member  
2 ceases to be a member of Tier 1 under section 61.

3 (6) For a former nonvested member who elects to terminate  
4 membership in Tier 1 under section 61(2) and who has accumulated  
5 contributions standing to his or her credit in the members' sav-  
6 ings fund, the retirement system shall direct the state treasurer  
7 to transfer a lump sum amount from the members' savings fund to  
8 the qualified participant's account in Tier 2 on or before the  
9 expiration of 60 days after the date of the individual's election  
10 to terminate membership. The retirement system shall calculate  
11 the amount to be transferred, which shall be equal to the sum of  
12 the following:

13 (a) The former nonvested member's accumulated contributions  
14 AND APPLICABLE INTEREST, if any, from the members' savings fund  
15 as of 12 midnight on the last day of the payroll period that  
16 includes the date of the election.

17 (b) Interest on any amounts determined in subdivision (a),  
18 from the first day of the payroll period immediately following  
19 the date of the election to the date of the transfer, based upon  
20 8% effective annual interest, compounded annually.

21 (7) If the ~~department of management and budget~~ BOARD  
22 receives notification from the United States internal revenue  
23 service that this section or any portion of this section will  
24 cause the retirement system to be disqualified for tax purposes  
25 under the internal revenue code, then the portion that will cause  
26 the disqualification does not apply.



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1       Sec. 63. After consulting the retirement system's actuary,  
2 the ~~department of management and budget~~ BOARD shall calculate  
3 for each fiscal year any cost savings that have accrued to this  
4 state as a result of the implementation of the amendatory act  
5 that added this section over the costs that would have been  
6 incurred by this state to fund this retirement system had the  
7 amendatory act that added this section not been implemented. The  
8 total amount of ~~such~~ THE cost savings shall be submitted in the  
9 executive budget to the legislature for appropriation in the next  
10 succeeding state fiscal year to the health insurance fund created  
11 by section 22c. Any amount appropriated pursuant to this section  
12 and accumulated earnings on those amounts shall not be expended  
13 until the actuarial accrued liability for health benefits under  
14 section 50b is 100% funded.

15       Sec. 80. (1) Distributions from employer contributions made  
16 pursuant to section 74(2) and (3) and earnings on those employer  
17 contributions, and distributions from employee contributions made  
18 pursuant to section 74(3) and earnings on those employee contri-  
19 butions, are exempt from any state, county, municipal, or other  
20 local tax ~~, and shall not be subject to execution, garnishment,~~  
21 ~~attachment, the operation of bankruptcy or insolvency laws, or~~  
22 ~~other process of law, and shall be unassignable except as other-~~  
23 ~~wise provided in this act~~ AND ARE SUBJECT TO THE PUBLIC EMPLOYEE  
24 RETIREMENT BENEFIT PROTECTION ACT.

25       ~~-(2) The right of a qualified participant or a former quali-~~  
26 ~~fied participant, or his or her beneficiaries, to a distribution~~  
27 ~~described in subsection (1) is subject to forfeiture pursuant to~~

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1 ~~the public employee retirement benefits forfeiture act, Act~~  
2 ~~No. 350 of the Public Acts of 1994, being sections 38.2701 to~~  
3 ~~38.2705 of the Michigan Compiled Laws.~~

4 ~~(3) The right of a qualified participant or former qualified~~  
5 ~~participant to a distribution described in subsection (1) is~~  
6 ~~subject to an award by a court pursuant to section 18 of chapter~~  
7 ~~84 of the Revised Statutes of 1846, being section 552.18 of the~~  
8 ~~Michigan Compiled Laws; an eligible domestic relations order~~  
9 ~~under the eligible domestic relations order act, Act No. 46 of~~  
10 ~~the Public Acts of 1991, being sections 38.1701 to 38.1711 of the~~  
11 ~~Michigan Compiled Laws; and to any other domestic relations order~~  
12 ~~of a court pertaining to alimony or child support.~~

13 ~~(4) If an award or order described in subsection (3)~~  
14 ~~requires Tier 2 to withhold payment of a distribution described~~  
15 ~~in subsection (1) or requires Tier 2 to make payment or requires~~  
16 ~~the individual to request that Tier 2 make payment of a distribu-~~  
17 ~~tion described in subsection (1), for the purpose of meeting the~~  
18 ~~individual's obligations to a spouse, former spouse, or child, as~~  
19 ~~provided in subsection (3), the withholding or payment provisions~~  
20 ~~of the award or order are effective only against such amounts as~~  
21 ~~they become due and payable to the individual receiving the dis-~~  
22 ~~tribution, unless otherwise provided in an eligible domestic~~  
23 ~~relations order under the eligible domestic relations order act,~~  
24 ~~Act No. 46 of the Public Acts of 1991. The limitation contained~~  
25 ~~in this subsection does not apply to the accumulated employee~~  
26 ~~contributions of a former qualified participant who has~~

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1 ~~terminated employment before acquiring a vested status in Tier 2~~  
2 ~~pursuant to this act.~~

3       (2) ~~—(5)—~~ The state treasurer has the right of setoff to  
4 recover overpayments made under this act and to satisfy any  
5 claims arising from embezzlement or fraud committed by a quali-  
6 fied participant, former qualified participant, refund beneficia-  
7 ry, or other person who has a claim to a distribution or any  
8 other benefit from Tier 2.

9       (3) ~~—(6)—~~ The state treasurer shall correct errors in the  
10 records and actions in Tier 2 under this act, and shall seek to  
11 recover overpayments and shall make up underpayments.

12       Enacting section 1. This amendatory act does not take  
13 effect unless House Bill No. 5108 of the 91st Legislature is  
14 enacted into law.