

**SUBSTITUTE FOR  
SENATE BILL NO. 1017**

A bill to amend 1980 PA 300, entitled  
"The public school employees retirement act of 1979,"  
by amending sections 75, 85, and 91 (MCL 38.1375, 38.1385, and  
38.1391), section 75 as amended by 1989 PA 194, section 85 as  
amended by 2002 PA 94, and section 91 as amended by 2004 PA 117.

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

1       Sec. 75. (1) A member who left or leaves service as a public  
2 school employee; ~~for purposes of maternity or paternity or child~~  
3 ~~rearing, and returns to service as a public school employee, or a~~  
4 ~~person performing out of system public education service who leaves~~  
5 ~~that service for purposes of maternity, paternity, or child rearing~~  
6 ~~and who subsequently becomes a member of this retirement system,~~  
7 ~~without other intervening employment of more than 20 hours per week~~

~~1 for each week for which service credit is claimed, may purchase~~  
~~2 service credit for the time period or periods during which the~~  
~~3 person was separated from service as a public school employee or~~  
~~4 during which the person was separated from performing out of system~~  
~~5 public education service because of maternity or paternity or child~~  
~~6 rearing, upon request and payment to the retirement system of the~~  
~~7 actuarial cost. The total service credited under this section shall~~  
~~8 not exceed 5 years. A member requesting purchase of service credit~~  
~~9 under this section shall certify to the board the purpose for which~~  
~~10 the member took leave and was separated from service as a public~~  
~~11 school employee.~~ WHO LEFT OR LEAVES OUT-OF-SYSTEM PUBLIC EDUCATION  
12 SERVICE; OR A MEMBER OF THE STATE EMPLOYEES' RETIREMENT SYSTEM  
13 UNDER SECTION 13 OF THE STATE EMPLOYEES' RETIREMENT ACT, 1943 PA  
14 240, MCL 38.13, WHO LEFT OR LEAVES SERVICE AS A STATE EMPLOYEE FOR  
15 PURPOSES OF PARENTAL LEAVE WHO SUBSEQUENTLY BECOMES A MEMBER OF  
16 THIS RETIREMENT SYSTEM WITHOUT OTHER INTERVENING EMPLOYMENT OF MORE  
17 THAN 20 HOURS PER WEEK FOR EACH WEEK FOR WHICH SERVICE CREDIT WAS  
18 CLAIMED MAY PURCHASE SERVICE CREDIT FOR THE TIME PERIOD OR PERIODS  
19 DURING WHICH THE PERSON WAS SEPARATED FROM SERVICE BECAUSE OF  
20 PARENTAL LEAVE IF THE MEMBER SATISFIES THE REQUIREMENTS OF THIS  
21 SECTION. THE MEMBER SHALL SUBMIT AN APPLICATION AS DESCRIBED IN  
22 SUBSECTION (5) AND SHALL PAY THE ACTUARIAL COST TO THE RETIREMENT  
23 SYSTEM. THE TOTAL SERVICE CREDITED UNDER THIS SECTION SHALL NOT  
24 EXCEED 5 YEARS. A MEMBER REQUESTING PURCHASE OF SERVICE CREDIT  
25 UNDER THIS SECTION SHALL CERTIFY TO THE RETIREMENT SYSTEM THE  
26 PURPOSE FOR WHICH THE MEMBER TOOK LEAVE OR WAS SEPARATED FROM  
27 SERVICE AS A PUBLIC SCHOOL EMPLOYEE; A PERSON PERFORMING OUT-OF-

1 SYSTEM PUBLIC EDUCATION SERVICE; OR A MEMBER OF THE STATE  
2 EMPLOYEES' RETIREMENT SYSTEM UNDER SECTION 13 OF THE STATE  
3 EMPLOYEES' RETIREMENT ACT, 1943 PA 240, MCL 38.13.

4 (2) Service credit purchased under this section may not be  
5 used to satisfy the minimum of 10 years of service credit required  
6 to receive a retirement allowance under this act.

7 (3) If a member who made payment under this section dies and a  
8 retirement allowance beneficiary has not been designated, or if the  
9 member leaves reporting unit service before his or her retirement  
10 becomes effective, the payment made by the member shall be refunded  
11 upon request to the member or to the member's refund beneficiary.

12 (4) A member who reduces hours of employment with a reporting  
13 unit for purposes of ~~maternity, paternity, or child rearing~~  
14 PARENTAL LEAVE or a person who reduces hours of out of system  
15 public education service for purposes of ~~maternity, paternity, or~~  
16 ~~child rearing~~ PARENTAL LEAVE and who subsequently becomes a member  
17 of this retirement system may purchase service credit for those  
18 hours by which employment was reduced if all other requirements of  
19 this section are met.

20 (5) A MEMBER REQUESTING PURCHASE OF SERVICE CREDIT UNDER THIS  
21 SECTION SHALL SUBMIT AN APPLICATION AS PRESCRIBED BY THE RETIREMENT  
22 SYSTEM IN WHICH THE MEMBER SHALL CERTIFY THE TIME PERIOD CLAIMED  
23 FOR PARENTAL LEAVE AND THE PURPOSE OF THE PARENTAL LEAVE. IF THE  
24 REQUEST FOR PURCHASE OF SERVICE CREDIT UNDER THIS SECTION IS A  
25 RESULT OF LEAVE TAKEN TO CARE FOR THE MEMBER'S CHILD BY BIRTH OR  
26 ADOPTION, THEN THE MEMBER ALSO SHALL SUBMIT A CERTIFIED COPY OF A  
27 BIRTH CERTIFICATE OR ADOPTION DOCUMENT FROM THE APPROPRIATE COURT

1 OF JURISDICTION.

2 (6) PARENTAL LEAVE IS CREDITABLE UNDER THIS ACT UNTIL THE  
3 CHILD, BY BIRTH OR ADOPTION, ATTAINS AGE 18 OR IS MARRIED,  
4 WHICHEVER OCCURS FIRST.

5 (7) AS USED IN THIS SECTION, "PARENTAL LEAVE" MEANS EITHER OF  
6 THE FOLLOWING:

7 (A) THE PRESENCE OF THE MEMBER IN THE ACTIVE PARTICIPATION OR  
8 SUPERVISION IN THE DAY-TO-DAY, ONGOING CARE OR MAINTENANCE OF HIS  
9 OR HER CHILD BY BIRTH OR ADOPTION, FOR WHICH THE MEMBER REDUCED OR  
10 ELIMINATED THE NUMBER OF HOURS WORKED FOR THE STATE, IN OUT-OF-  
11 SYSTEM PUBLIC EDUCATION SERVICE, OR FOR THE REPORTING UNIT IN A  
12 NORMAL WORK TIME PERIOD.

13 (B) A MEMBER'S PREGNANCY THAT OCCURRED WHILE A MEMBER, WHETHER  
14 BROUGHT TO FULL TERM OR NOT, CHILDBIRTH, AND RECUPERATION, FOR  
15 WHICH THE MEMBER REDUCED OR ELIMINATED THE NUMBER OF HOURS WORKED  
16 FOR THE STATE, IN OUT-OF-SYSTEM PUBLIC EDUCATION SERVICE, OR FOR  
17 THE REPORTING UNIT IN A NORMAL WORK TIME PERIOD.

18 Sec. 85. (1) A retiring member or retiring deferred member who  
19 meets the requirements of section 81 or 81a or a member whom the  
20 retirement board finds to be totally and permanently disabled and  
21 eligible to receive a retirement allowance under section 86 or 87  
22 shall elect to receive his or her retirement allowance under 1 of  
23 the payment options provided in this subsection. The election shall  
24 be in writing and filed with the retirement board at least 15 days  
25 before the effective date of the retirement allowance except as  
26 provided for a disability retirant under section 86 or 87. The  
27 amount of retirement allowance under subdivision (b), (c), or (d)

1 shall be the actuarial equivalent of the amount of retirement  
2 allowance under subdivision (a). The options are as follows:

3 (a) A retirant shall be paid a straight retirement allowance  
4 for life computed pursuant to section 84. An additional retirement  
5 allowance payment shall not be made upon the retirant's death.

6 (b) A retirant shall be paid a reduced retirement allowance  
7 for life with the provision that upon the retirant's death, payment  
8 of the reduced retirement allowance is continued throughout the  
9 lifetime of the retirement allowance beneficiary whom the member or  
10 deferred member designates in a writing filed with the retirement  
11 board at the time of election of this option. A member or deferred  
12 member may elect this option and designate a retirement allowance  
13 beneficiary under the conditions set forth in section 82(2) or  
14 89(3).

15 (c) A retirant shall be paid a reduced retirement allowance  
16 for life with the provision that upon the retirant's death, payment  
17 of 1/2 of the reduced retirement allowance is continued throughout  
18 the lifetime of the retirement allowance beneficiary whom the  
19 member designated in a writing filed with the retirement board at  
20 the time of election of the option.

21 (d) On and after January 1, 2000, a retirant shall be paid a  
22 reduced retirement allowance for life with the provision that upon  
23 the retirant's death, payment of 75% of the reduced retirement  
24 allowance is continued throughout the lifetime of the retirement  
25 allowance beneficiary whom the member designated in a writing filed  
26 with the retirement board at the time of election of the option.

27 (2) In addition to the election under subsection (1), a

1    retirant, other than a disability retirant who is 60 years of age  
2    or less, may elect to coordinate his or her retirement allowance  
3    with an estimated primary social security benefit. The retirant  
4    shall be paid an increased retirement allowance until 62 years of  
5    age and a reduced retirement allowance after 62 years of age. The  
6    increased retirement allowance paid until 62 years of age shall  
7    approximate the sum of the reduced retirement allowance payable  
8    after 62 years of age and the retirant's estimated social security  
9    primary insurance amount. The estimated social security primary  
10   insurance amount shall be determined by the retirement system. The  
11   election under this subsection shall be made at the same time and  
12   in the same manner as required under subsection (1).

13           (3) Except as otherwise provided in this section, the election  
14   of a payment option in subsections (1) and (2) shall not be changed  
15   on or after the effective date of the retirement allowance. Except  
16   as provided in ~~subsection (5)~~ **THIS SECTION**, the retirement  
17   allowance beneficiary selected under subsection (1)(b), (c), or (d)  
18   shall not be changed on or after the effective date of the  
19   retirement allowance and shall be either a spouse, brother, sister,  
20   parent, or child, including an adopted child, of the member,  
21   deferred member, retiring member, or retiring deferred member  
22   entitled to make the election under this act. Another retirement  
23   allowance beneficiary shall not be selected. If a member, deferred  
24   member, retiring member, or retiring deferred member is married at  
25   the retirement allowance effective date, an election under  
26   subsection (1), other than an election under subsection (1)(b),  
27   (c), or (d) naming the spouse as retirement allowance beneficiary,

1 shall not be effective unless the election is signed by the spouse,  
2 except that this requirement may be waived by the board if the  
3 signature of a spouse cannot be obtained because of extenuating  
4 circumstances. For purposes of this subsection, "spouse" means the  
5 person to whom the member, deferred member, retiring member, or  
6 retiring deferred member is married at the retirement allowance  
7 effective date. Payment to a retirement allowance beneficiary shall  
8 start the first day of the month following the retirant's death.

9 (4) ~~If~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), IF**  
10 the retirement allowance beneficiary selected under subsection  
11 (1)(b), (c), or (d) predeceases the retirant, the retirant's  
12 benefit shall revert to a straight retirement allowance including  
13 post-retirement adjustments, if any, shall be effective the first  
14 of the month following the death, and shall be paid during the  
15 remainder of the retirant's life. This subsection applies to a  
16 retirant whose effective date of retirement is after June 28, 1976,  
17 but the straight retirement allowance shall not be payable for any  
18 month beginning before the later of the retirement allowance  
19 beneficiary's death or October 31, 1980. This subsection also  
20 applies to a retirant whose effective date of retirement was on or  
21 before June 28, 1976, but the straight retirement allowance shall  
22 not be payable for any month beginning before the later of the  
23 retirement allowance beneficiary's death or January 1, 1986. A  
24 retirant who on January 1, 1986 is receiving a reduced retirement  
25 allowance because the retirant designated a retirement allowance  
26 beneficiary and the retirement allowance beneficiary predeceased  
27 the retirant is eligible to receive the straight retirement

1 allowance beginning January 1, 1986, but the straight retirement  
2 allowance shall not be payable for any month beginning before  
3 January 1, 1986.

4 (5) A retirant who returns to service pursuant to section 61  
5 and whose retirement allowance beneficiary selected under  
6 subsection (1)(b), (c), or (d) predeceases the member before he or  
7 she again becomes a retirant may again choose a retirement  
8 allowance beneficiary pursuant to subsection (1)(b), (c), or (d).

9 (6) If a retirant receiving a reduced retirement allowance  
10 under subsection (1)(b), (c), or (d) is divorced from the spouse  
11 who had been designated as the retirant's retirement allowance  
12 beneficiary under subsection (1)(b), (c), or (d), the election of a  
13 reduced retirement allowance payment option shall be considered  
14 void by the retirement system if the judgment of divorce or award  
15 or order of the court, or an amended judgment of divorce or award  
16 or order of the court, described in the public employee retirement  
17 benefit protection act, **2002 PA 100, MCL 38.1681 TO 38.1689**, and  
18 dated after June 27, 1991 provides that the election of a reduced  
19 retirement allowance payment option under subsection (1)(b), (c),  
20 or (d) is to be considered void by the retirement system and the  
21 retirant provides a certified copy of the judgment of divorce or  
22 award or order of the court, or an amended judgment of divorce or  
23 award or order of the court, to the retirement system. If the  
24 election of a reduced retirement allowance payment option under  
25 subsection (1)(b), (c), or (d) is considered void by the retirement  
26 system under this subsection, the retirant's retirement allowance  
27 shall revert to a straight retirement allowance, including



1 postretirement adjustments, if any, subject to an award or order of  
2 the court as described in the public employee retirement benefit  
3 protection act, **2002 PA 100, MCL 38.1681 TO 38.1689**. The retirement  
4 allowance shall revert to a straight retirement allowance under  
5 this subsection effective the first of the month after the date the  
6 retirement system receives a certified copy of the judgment of  
7 divorce or award or order of the court. This subsection does not  
8 supersede a judgment of divorce or award or order of the court in  
9 effect on June 27, 1991. This subsection does not require the  
10 retirement system to distribute or pay retirement assets on behalf  
11 of a retirant in an amount that exceeds the actuarially determined  
12 amount that would otherwise become payable if a judgment of divorce  
13 had not been rendered.

14 (7) If the retirement allowance payments terminate before an  
15 aggregate amount equal to the retirant's accumulated contributions  
16 has been paid, the difference between the retirant's accumulated  
17 contributions and the aggregate amount of retirement allowance  
18 payments made shall be paid to the person designated in a writing  
19 filed with the retirement board on a form provided by the  
20 retirement board. If the designated person does not survive the  
21 retirant or retirement allowance beneficiary, the difference shall  
22 be paid to the deceased recipient's estate or to the legal  
23 representative of the deceased recipient.

24 **(8) A RETIRANT WHO SELECTED A RETIREMENT ALLOWANCE BENEFICIARY**  
25 **UNDER SUBSECTION (1) (B), (C), OR (D) MAY CHANGE HIS OR HER**  
26 **RETIREMENT ALLOWANCE BENEFICIARY IF ALL OF THE FOLLOWING APPLY:**

27 **(A) THE FIRST RETIREMENT ALLOWANCE BENEFICIARY IS A SPOUSE.**

1 (B) THE FIRST RETIREMENT ALLOWANCE BENEFICIARY PREDECEASES THE  
2 RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE DATE.

3 (C) THE RETIRANT MARRIES ANOTHER SPOUSE AFTER THE RETIREMENT  
4 ALLOWANCE EFFECTIVE DATE.

5 (D) THE RETIRANT FILES A WRITTEN REQUEST WITH THE RETIREMENT  
6 SYSTEM TO NAME HIS OR HER CURRENT SPOUSE AS A RETIREMENT ALLOWANCE  
7 BENEFICIARY NOT EARLIER THAN 180 DAYS AND NOT LATER THAN 1 YEAR  
8 AFTER THE MARRIAGE OF THE RETIRANT AND THE CURRENT SPOUSE EXCEPT  
9 THAT A RETIRANT WHOSE FIRST RETIREMENT ALLOWANCE BENEFICIARY  
10 PREDECEASES THE RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE  
11 DATE AND BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED  
12 THIS SUBSECTION SHALL HAVE 180 DAYS FROM THE EFFECTIVE DATE OF THE  
13 AMENDATORY ACT THAT ADDED THIS SUBSECTION TO FILE A WRITTEN REQUEST  
14 WITH THE RETIREMENT SYSTEM.

15 (9) A RETIRANT WHO WAS NOT MARRIED ON HIS OR HER RETIREMENT  
16 ALLOWANCE EFFECTIVE DATE AND WHO DID NOT SELECT A PAYMENT OPTION  
17 PROVIDED IN THIS SECTION MAY SELECT AN OPTIONAL FORM OF BENEFIT  
18 PAYMENT UNDER SUBSECTION (1) (B), (C), OR (D) AND DESIGNATE A  
19 RETIREMENT ALLOWANCE BENEFICIARY IF ALL OF THE FOLLOWING APPLY:

20 (A) THE RETIRANT MARRIES AFTER HIS OR HER RETIREMENT ALLOWANCE  
21 EFFECTIVE DATE.

22 (B) THE RETIREMENT ALLOWANCE BENEFICIARY IS THE RETIRANT'S  
23 SPOUSE.

24 (C) THE RETIREMENT ALLOWANCE BENEFICIARY IS ONLY DESIGNATED AS  
25 THE RETIREMENT ALLOWANCE BENEFICIARY FOR THAT PORTION OF THE  
26 RETIRANT'S RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO AN ELIGIBLE  
27 DOMESTIC RELATIONS ORDER ASSIGNING A PREVIOUS SPOUSE A REDUCED

1 BENEFIT UNDER SECTION 4(B) OF THE ELIGIBLE DOMESTIC RELATIONS ORDER  
2 ACT, 1991 PA 46, MCL 38.1704.

3 (D) THE RETIRANT FILES A WRITTEN REQUEST WITH THE RETIREMENT  
4 SYSTEM TO SELECT THE OPTIONAL FORM OF BENEFIT PAYMENT UNDER  
5 SUBSECTION (1) (B), (C), OR (D) AND TO DESIGNATE HIS OR HER SPOUSE  
6 AS THE RETIREMENT ALLOWANCE BENEFICIARY, NOT EARLIER THAN 180 DAYS  
7 AND NOT LATER THAN 1 YEAR AFTER THE RETIRANT'S MARRIAGE EXCEPT THAT  
8 A RETIRANT WHO MARRIES AFTER THE RETIREMENT ALLOWANCE EFFECTIVE  
9 DATE AND BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED  
10 THIS SUBSECTION SHALL HAVE 180 DAYS FROM THE EFFECTIVE DATE OF THE  
11 AMENDATORY ACT THAT ADDED THIS SUBSECTION TO FILE A WRITTEN REQUEST  
12 WITH THE RETIREMENT SYSTEM.

13 (10) THE RETIREMENT ALLOWANCE OF THE RETIRANT WHO MAKES AN  
14 ELECTION UNDER SUBSECTION (8) OR (9) SHALL NOT BE GREATER THAN THE  
15 ACTUARIAL EQUIVALENT OF THE RETIREMENT ALLOWANCE AS DETERMINED BY  
16 THE RETIREMENT BOARD THAT THE RETIRANT WOULD OTHERWISE BE ENTITLED  
17 TO UNDER SUBSECTION (1) (A) AND SHALL BECOME EFFECTIVE THE FIRST DAY  
18 OF THE MONTH FOLLOWING THE FILING OF THE WRITTEN REQUEST WITH THE  
19 RETIREMENT SYSTEM.

20 (11) IF THE RETIRANT DIES NO LATER THAN 12 MONTHS AFTER THE  
21 EFFECTIVE DATE OF HIS OR HER ELECTION UNDER SUBSECTION (8) OR (9),  
22 THE RETIREMENT ALLOWANCE FOR THE SURVIVING SPOUSE ESTABLISHED UNDER  
23 SUBSECTION (8) OR (9) SHALL TERMINATE 12 MONTHS AFTER THE DEATH OF  
24 THE RETIRANT.

25 Sec. 91. (1) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS  
26 SECTION, THE retirement system shall pay the entire monthly premium  
27 or membership or subscription fee for hospital, medical-surgical,

1 and sick care benefits for the benefit of a retirant or retirement  
2 allowance beneficiary who elects coverage in the plan authorized by  
3 the retirement board and the department. **UPON THE DEATH OF THE**  
4 **RETIRANT, A RETIREMENT ALLOWANCE BENEFICIARY WHO BECAME A**  
5 **RETIREMENT ALLOWANCE BENEFICIARY UNDER SECTION 85(8) OR (9) IS NOT**  
6 **A HEALTH INSURANCE DEPENDENT AND IS NOT ENTITLED TO HEALTH BENEFITS**  
7 **UNDER THIS SECTION EXCEPT AS PROVIDED IN SUBSECTION (10).**

8 (2) The retirement system may pay up to the maximum of the  
9 amount payable under subsection (1) toward the monthly premium for  
10 hospital, medical-surgical, and sick care benefits for the benefit  
11 of a retirant or retirement allowance beneficiary enrolled in a  
12 group health insurance or prepaid service plan not authorized by  
13 the retirement board and the department, if enrolled before June 1,  
14 1975, for whom the retirement system on July 18, 1983 was making a  
15 payment towards his or her monthly premium.

16 (3) A retirant or retirement allowance beneficiary receiving  
17 hospital, medical-surgical, and sick care benefits coverage under  
18 subsection (1) or (2), until eligible for medicare, shall have an  
19 amount equal to the cost chargeable to a medicare recipient for  
20 part B of medicare deducted from his or her retirement allowance.

21 (4) The retirement system shall pay 90% of the monthly premium  
22 or membership or subscription fee for dental, vision, and hearing  
23 benefits for the benefit of a retirant or retirement allowance  
24 beneficiary who elects coverage in the plan authorized by the  
25 retirement board and the department. Payments shall begin under  
26 this subsection upon approval by the retirement board and the  
27 department of plan coverage and a plan provider.

1           (5) The retirement system shall pay up to 90% of the maximum  
2 of the amount payable under subsection (1) toward the monthly  
3 premium or membership or subscription fee for hospital, medical-  
4 surgical, and sick care benefits coverage described in subsections  
5 (1) and (2) for each health insurance dependent of a retirant  
6 receiving benefits under subsection (1) or (2). Payment shall not  
7 exceed 90% of the actual monthly premium or membership or  
8 subscription fee. The retirement system shall pay 90% of the  
9 monthly premium or membership or subscription fee for dental,  
10 vision, and hearing benefits described in subsection (4) for the  
11 benefit of each health insurance dependent of a retirant receiving  
12 benefits under subsection (4). Payment for health benefits coverage  
13 for a health insurance dependent of a retirant shall not be made  
14 after the retirant's death, unless the retirant designated a  
15 retirement allowance beneficiary as provided in section 85 and the  
16 dependent was covered or eligible for coverage as a health  
17 insurance dependent of the retirant on the retirant's date of  
18 death. Payment for health benefits coverage shall not be made for a  
19 health insurance dependent after the later of the retirant's death  
20 or the retirement allowance beneficiary's death. Payment under this  
21 subsection and subsection (6) began October 1, 1985 for health  
22 insurance dependents who on July 10, 1985 were covered by the  
23 hospital, medical-surgical, and sick care benefits plan authorized  
24 by the retirement board and the department. Payment under this  
25 subsection and subsection (6) for other health insurance dependents  
26 shall not begin before January 1, 1986.

27           (6) The payment described in subsection (5) shall also be made

1 for each health insurance dependent of a deceased member or  
2 deceased duty disability retirant if a retirement allowance is  
3 being paid to a retirement allowance beneficiary because of the  
4 death of the member or duty disability retirant as provided in  
5 section 43c(c), 89, or 90. Payment for health benefits coverage for  
6 a health insurance dependent shall not be made after the retirement  
7 allowance beneficiary's death.

8 (7) The payments provided by this section shall not be made on  
9 behalf of a retiring section 82 deferred member or health insurance  
10 dependent of a deferred member having less than 21 full years of  
11 attained credited service or the retiring deferred member's  
12 retirement allowance beneficiary, and shall not be made on behalf  
13 of a retirement allowance beneficiary of a deferred member who dies  
14 before retiring. The retirement system shall pay, on behalf of a  
15 retiring section 82 deferred member or health insurance dependent  
16 of a deferred member or a retirement allowance beneficiary of a  
17 deceased deferred member, either of whose allowance is based upon  
18 not less than 21 years of attained credited service, 10% of the  
19 payments provided by this section, increased by 10% for each  
20 attained full year of credited service beyond 21 years, not to  
21 exceed 100%. This subsection applies to any member who attains  
22 deferred status under section 82 after October 31, 1980.

23 (8) Any retirant or retirement allowance beneficiary excluded  
24 from payments under this section may participate in the hospital,  
25 medical-surgical, and sick care benefits plan, the dental plan,  
26 vision plan, or hearing plan, or any combination of the plans  
27 described in this section in the manner prescribed by the

1 retirement system at his or her own cost.

2 (9) The hospital, medical-surgical, and sick care benefits  
3 plan, dental plan, vision plan, and hearing plan that covers  
4 retirants, retirement allowance beneficiaries, and health insurance  
5 dependents pursuant to this section shall contain a coordination of  
6 benefits provision that provides all of the following:

7 (a) If the person covered under the hospital, medical-  
8 surgical, and sick care benefits plan is also eligible for medicare  
9 or medicaid, or both, then the benefits under medicare or medicaid,  
10 or both, shall be determined before the benefits of the hospital,  
11 medical-surgical, and sick care benefits plan provided pursuant to  
12 this section.

13 (b) If the person covered under any of the plans provided by  
14 this section is also covered under another plan that contains a  
15 coordination of benefits provision, the benefits shall be  
16 coordinated as provided by the coordination of benefits act, 1984  
17 PA 64, MCL 550.251 to 550.255.

18 (c) If the person covered under any of the plans provided by  
19 this section is also covered under another plan that does not  
20 contain a coordination of benefits provision, the benefits under  
21 the other plan shall be determined before the benefits of the plan  
22 provided pursuant to this section.

23 **(10) A SURVIVING SPOUSE SELECTED AS A RETIREMENT ALLOWANCE**  
24 **BENEFICIARY UNDER SECTION 85(8) OR (9) MAY ELECT THE INSURANCE**  
25 **COVERAGES PROVIDED IN THIS SECTION PROVIDED THAT PAYMENT FOR THE**  
26 **ELECTED COVERAGES IS THE RESPONSIBILITY OF THE SURVIVING SPOUSE AND**  
27 **IS PAID IN A MANNER PRESCRIBED BY THE RETIREMENT SYSTEM.**

1           (11) ~~—(10)—~~ For purposes of this section:

2           (a) "Health insurance dependent" means any of the following:

3           (i) ~~The~~ **EXCEPT AS PROVIDED IN SUBSECTION (1), THE** spouse of  
4 the retirant or the surviving spouse to whom the retirant or  
5 deceased member was married at the time of the retirant's or  
6 deceased member's death.

7           (ii) An unmarried child, by birth or adoption, of the retirant  
8 or deceased member, until December 31 of the calendar year in which  
9 the child becomes 19 years of age.

10           (iii) An unmarried child, by birth or adoption, of the retirant  
11 or deceased member, until December 31 of the calendar year in which  
12 the child becomes 25 years of age, who is enrolled as a full-time  
13 student, and who is or was at the time of the retirant's or  
14 deceased member's death a dependent of the retirant or deceased  
15 member as defined in section 152 of the internal revenue code.

16           (iv) An unmarried child, by birth or adoption, of the retirant  
17 or deceased member who is incapable of self-sustaining employment  
18 because of mental or physical disability, and who is or was at the  
19 time of the retirant's or deceased member's death a dependent of  
20 the retirant or deceased member as defined in section 152 of the  
21 internal revenue code.

22           (v) The parents of the retirant or deceased member, or the  
23 parents of his or her spouse, who are residing in the household of  
24 the retirant or retirement allowance beneficiary.

25           (vi) An unmarried child who is not the child by birth or  
26 adoption of the retirant or deceased member but who otherwise  
27 qualifies to be a health insurance dependent under subparagraph



1 (ii), (iii), or (iv), if the retirant or deceased member is the legal  
2 guardian of the unmarried child.

3 (b) "Medicaid" means benefits under the federal medicaid  
4 program established under title XIX of the social security act,  
5 chapter 531, 49 Stat. 620, 42 ~~U.S.C.~~ **USC** 1396 to 1396f, 1396g-1  
6 to 1396r-6, and 1396r-8 to 1396v.

7 (c) "Medicare" means benefits under the federal medicare  
8 program established under title XVIII of the social security act,  
9 chapter 531, 49 Stat. 620, 42 ~~U.S.C.~~ **USC** 1395 to 1395b, 1395b-2,  
10 1395b-6 to 1395b-7, 1395c to 1395i, 1395i-2 to 1395i-5, 1395j to  
11 1395t, 1395u to 1395w, 1395w-2 to 1395w-4, 1395w-21 to 1395w-28,  
12 1395x to 1395yy, and 1395bbb to 1395ggg.

13 Enacting section 1. This amendatory act takes effect January  
14 1, 2009.