

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4087**

A bill to amend 1957 PA 261, entitled
"Michigan legislative retirement system act,"
by amending sections 75 and 79 (MCL 38.1075 and 38.1079), section
75 as amended by 1998 PA 501 and section 79 as amended by 2006 PA
614.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 75. (1) A qualified participant is immediately 100%
2 vested in his or her contributions made to Tier 2. A qualified
3 participant shall vest in the employer contributions made on his or
4 her behalf to Tier 2 according to the following schedule:
- 5 (a) Upon completion of 2 years of service, 50%.
 - 6 (b) Upon completion of 3 years of service, 75%.
 - 7 (c) Upon completion of 4 years of service, 100%.

1 (2) A qualified participant is vested in the health insurance
2 coverage provided in section 79 if the qualified participant meets
3 1 of the following requirements:

4 (a) The qualified participant has completed 6 years of service
5 as a qualified participant **BEFORE JANUARY 1, 2013** and was not a
6 member, deferred vested member, or former nonvested member of Tier
7 1.

8 (b) The qualified participant was a member, deferred vested
9 member, or former nonvested member of Tier 1 who made an election
10 to participate in Tier 2 pursuant to section 61, and who has met
11 the service requirements he or she would have been required to meet
12 in order to vest in health benefits under section 50b.

13 (c) The qualified participant meets all of the following
14 requirements:

15 (i) Was not a member, deferred vested member, or former
16 nonvested member of Tier 1.

17 (ii) Was first elected to fill a vacancy in the house of
18 representatives for a period less than the full term but more than
19 1/2 of the term of office.

20 (iii) Has completed 5 years of service as a qualified
21 participant **BEFORE JANUARY 1, 2013**.

22 Sec. 79. (1) A former qualified participant may elect health
23 insurance benefits in the manner prescribed in this section if he
24 or she meets both of the following requirements:

25 (a) The former qualified participant is vested in health
26 benefits under section 75(2).

27 (b) The former qualified participant meets 1 of the following

1 requirements:

2 (i) He or she meets or exceeds the benefit commencement age
3 employed in the actuarial present value calculation under section
4 62 and the service requirements that would have applied to that
5 former participant under Tier 1 for receiving health insurance
6 coverage under section 50b, if that former participant was a member
7 of Tier 1.

8 (ii) He or she is 55 years of age or older.

9 (2) A former qualified participant who is eligible to elect
10 health insurance coverage under subsection (1) may elect health
11 insurance coverage in a health benefit plan or plans as authorized
12 by section 50b. A former qualified participant who is eligible to
13 elect health insurance coverage under subsection (1) may also elect
14 health insurance coverage for his or her health benefit dependents,
15 if any. A surviving health benefit dependent of a deceased former
16 qualified participant who is eligible to elect health insurance
17 coverage under subsection (1) may elect health insurance coverage
18 to begin at the death of the deceased former qualified participant
19 in the manner prescribed in this section.

20 (3) An individual who elects health insurance coverage under
21 this section shall become a member of a health insurance coverage
22 group authorized pursuant to section 50b.

23 (4) For a former qualified participant who is eligible to
24 elect health insurance coverage under subsection (1) and who is
25 vested in those benefits under section 75(2)(a) or (c), and for his
26 or her health benefit dependents, this state shall pay a portion of
27 the health insurance premium as calculated under this subsection on

1 a cash disbursement method. An individual described in this
2 subsection who elects health insurance coverage under this section
3 shall pay to the retirement system the remaining portion of the
4 health insurance coverage premium not paid by this state under this
5 subsection. The portion of the health insurance coverage premium
6 paid by this state under this subsection shall be 90% of the
7 payments for health insurance coverage under section 50b. If the
8 individual elects the health insurance coverage provided under
9 section 50b, this state shall transfer its portion of the amount
10 calculated under this subsection to the health insurance fund
11 created by section 22c.

12 (5) For a former qualified participant who is eligible to
13 elect health insurance coverage under subsection (1) and who is
14 vested in those benefits under section 75(2)(b), and for his or her
15 health benefit dependents, this state shall pay a portion of the
16 health insurance premium as calculated under this subsection on a
17 cash disbursement method. An individual described in this
18 subsection who elects health insurance coverage under this section
19 shall pay to the retirement system the remaining portion of the
20 health insurance coverage premium not paid by this state under this
21 subsection. The portion of the health insurance coverage premium
22 paid by this state under this subsection shall be equal to the
23 premium amounts paid on behalf of retirants of Tier 1 for health
24 insurance coverage under section 50b. If the individual elects the
25 health insurance coverage provided under section 50b, the state
26 shall transfer its portion of the amount calculated under this
27 subsection to the health insurance fund created by section 22c.

1 (6) If the department of **TECHNOLOGY**, management, and budget
2 receives notification from the United States internal revenue
3 service that this section or any portion of this section will cause
4 the retirement system to be disqualified for tax purposes under the
5 internal revenue code, then the portion that will cause the
6 disqualification does not apply.

7 (7) **A FORMER QUALIFIED PARTICIPANT WHO DOES NOT MEET THE**
8 **VESTING REQUIREMENTS OF SECTION 75(2) IS NOT ELIGIBLE FOR HEALTH**
9 **INSURANCE BENEFITS UNDER THIS ACT.**