

HOUSE BILL No. 5954

March 11, 2010, Introduced by Rep. Moss and referred to the Committee on Oversight and Investigations.

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending sections 20, 20d, 55, 65, 67a, 68, and 68c (MCL 38.20, 38.20d, 38.55, 38.65, 38.67a, 38.68, and 38.68c), sections 20 and 20d as amended by 2002 PA 93, section 55 as amended by 2004 PA 33, sections 65 and 68 as added by 1996 PA 487, section 67a as amended by 2004 PA 109, and section 68c as added by 2007 PA 95, and by adding sections 19j, 20i, 35, and 68d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 19J. (1) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE
2 AND RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF
3 THE MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

4 (A) ON THE LAST DAY OF THE MONTH PRECEDING THE EFFECTIVE DATE

1 OF HIS OR HER RETIREMENT AS STATED IN SUBDIVISION (G), THE MEMBER'S
2 AGE AND LENGTH OF CREDITED SERVICE MEETS THE REQUIREMENTS IN
3 SECTION 19 FOR A RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO
4 REDUCTION PURSUANT TO SECTION 19(2).

5 (B) THE MEMBER OCCUPIES A POSITION IN THE CLASSIFIED STATE
6 CIVIL SERVICE, HAS CLASSIFIED CIVIL SERVICE STATUS, OR IS AN
7 INDIVIDUAL NOT DESCRIBED IN SUBSECTION (2)(B).

8 (C) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY
9 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
10 SECTION 45, OR IF THE MEMBER IS ELIGIBLE FOR A SUPPLEMENTAL EARLY
11 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
12 SECTION 45, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

13 (D) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN
14 SECTION 48, OR IF THE MEMBER IS A CONSERVATION OFFICER AS DESCRIBED
15 IN SECTION 48, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

16 (E) THE MEMBER OCCUPIES A POSITION SUBJECT TO THE SAME STATE
17 HEALTH PLAN PREFERRED PROVIDER ORGANIZATION FOR EMPLOYEES FIRST
18 HIRED ON OR AFTER APRIL 1, 2010.

19 (F) THE MEMBER WAS EMPLOYED BY THIS STATE OR THE LEGISLATURE
20 FOR THE 6-MONTH PERIOD ENDING ON APRIL 15, 2010. A MEMBER WHO IS ON
21 LAYOFF STATUS FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET THE
22 EMPLOYMENT REQUIREMENT OF THIS SUBDIVISION.

23 (G) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
24 THE RETIREMENT BOARD, ON OR AFTER APRIL 15, 2010, BUT NOT LATER
25 THAN MAY 15, 2010, STATING A DATE ON OR AFTER JULY 1, 2010, BUT NOT
26 LATER THAN OCTOBER 1, 2010, ON WHICH HE OR SHE DESIRES TO RETIRE. A
27 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE MAY 31,

1 2010. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN
2 ON OR BEFORE MAY 31, 2010 IS IRREVOCABLE.

3 (2) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE AND
4 RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF THE
5 MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

6 (A) ON THE LAST DAY OF THE MONTH PRECEDING THE EFFECTIVE DATE
7 OF HIS OR HER RETIREMENT, THE MEMBER'S AGE AND LENGTH OF CREDITED
8 SERVICE MEETS THE REQUIREMENTS IN SECTION 19 FOR A RETIREMENT
9 ALLOWANCE THAT IS NOT SUBJECT TO REDUCTION PURSUANT TO SECTION
10 19(2).

11 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATIVE BRANCH OF
12 STATE GOVERNMENT WITHOUT CLASSIFIED CIVIL SERVICE STATUS, IS AN
13 EMPLOYEE OF THE JUDICIAL BRANCH OF STATE GOVERNMENT, OR IS AN
14 UNCLASSIFIED STATE EMPLOYEE NOT WITHIN THE CLASSIFIED STATE CIVIL
15 SERVICE.

16 (C) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY
17 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
18 SECTION 45, OR IF THE MEMBER IS ELIGIBLE FOR A SUPPLEMENTAL EARLY
19 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
20 SECTION 45, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

21 (D) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN
22 SECTION 48, OR IF THE MEMBER IS A CONSERVATION OFFICER AS DESCRIBED
23 IN SECTION 48, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

24 (E) THE MEMBER WAS EMPLOYED BY THIS STATE FOR THE 6-MONTH
25 PERIOD ENDING ON APRIL 15, 2010. A MEMBER WHO IS ON LAYOFF STATUS
26 FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET THE EMPLOYMENT
27 REQUIREMENT OF THIS SUBDIVISION.

1 (F) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH
2 THE RETIREMENT BOARD, ON OR AFTER APRIL 15, 2010, BUT NOT LATER
3 THAN MAY 15, 2010, STATING A DATE ON OR AFTER JULY 1, 2010, BUT NOT
4 LATER THAN OCTOBER 1, 2010, ON WHICH HE OR SHE DESIRES TO RETIRE. A
5 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE MAY 31,
6 2010. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN
7 ON OR BEFORE MAY 31, 2010 IS IRREVOCABLE.

8 (3) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A MEMBER
9 ELECTING TO RETIRE UNDER THIS SECTION AGREES THAT ANY AMOUNT THAT
10 HE OR SHE WOULD OTHERWISE BE ENTITLED TO BE RECEIVED IN A LUMP SUM
11 AT RETIREMENT ON ACCOUNT OF ACCUMULATED ANNUAL LEAVE, SICK LEAVE,
12 AND OTHER DEFERRED LEAVE HOURS SHALL BE PAID IN 60 CONSECUTIVE
13 EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER OCTOBER 1, 2010.
14 PAYMENTS RECEIVED UNDER THIS SUBSECTION MAY NOT BE USED TO PURCHASE
15 SERVICE CREDIT UNDER THIS ACT. THESE PAYMENTS FOR ACCUMULATED
16 ANNUAL LEAVE, SICK LEAVE, AND OTHER DEFERRED LEAVE HOURS ARE TO BE
17 PAID FROM FUNDS APPROPRIATED TO THE APPOINTING AUTHORITY AND NOT
18 FROM FUNDS OF THE RETIREMENT SYSTEM. THESE PAYMENTS SHALL BE
19 CONSIDERED TAXABLE INCOME UNDER THE INCOME TAX ACT OF 1967, 1967 PA
20 281, MCL 206.1 TO 206.532. THIS SUBSECTION DOES NOT APPLY TO BANKED
21 LEAVE TIME.

22 (4) THE DIRECTOR OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE
23 BRANCH OF STATE GOVERNMENT MAY REQUEST THAT THE EFFECTIVE DATE OF
24 RETIREMENT UNDER SUBSECTION (1) OR (2) OF A MEMBER EMPLOYED BY THAT
25 DEPARTMENT BE EXTENDED TO A DATE NOT LATER THAN APRIL 1, 2011. TO
26 MAKE A REQUEST UNDER THIS SUBSECTION, THE DIRECTOR SHALL SUBMIT A
27 WRITTEN REQUEST AND THE WRITTEN CONCURRENCE OF THE MEMBER TO THE

1 DIRECTOR OF THE OFFICE OF THE STATE EMPLOYER AND THE STATE BUDGET
2 DIRECTOR ON OR BEFORE JUNE 15, 2010. UPON RECEIPT OF THE WRITTEN
3 REQUEST AND CONCURRENCE, THE DIRECTOR OF THE OFFICE OF THE STATE
4 EMPLOYER AND THE STATE BUDGET DIRECTOR MAY EXTEND THE EFFECTIVE
5 DATE OF RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER
6 SUBSECTION (1) OR (2) TO A DATE NOT LATER THAN APRIL 1, 2011. UPON
7 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS
8 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF
9 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF
10 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE
11 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE
12 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE
13 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE
14 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF
15 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN
16 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON
17 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT
18 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT
19 LATER THAN APRIL 1, 2011. UPON WRITTEN APPROVAL OF THE CHIEF
20 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,
21 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,
22 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF
23 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO
24 A DATE NOT LATER THAN APRIL 1, 2011. THE INDIVIDUAL OR INDIVIDUALS
25 WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF RETIREMENT FOR A
26 MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE, SUPREME COURT, OR
27 COURT OF APPEALS SHALL SUBMIT WRITTEN NOTIFICATION TO THE OFFICE OF

1 RETIREMENT SERVICES OF ALL EXTENSIONS APPROVED ON OR BEFORE JUNE
2 15, 2010.

3 (5) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A
4 MEMBER WHO DID NOT MAKE AN ELECTION UNDER SECTION 50 TO TERMINATE
5 MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2
6 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER
7 OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY
8 1.6% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE
9 CALCULATION PROVIDED IN THIS SUBSECTION, THE MEMBER'S RETIREMENT
10 ALLOWANCE IS SUBJECT TO SECTION 20.

11 (6) A MEMBER WHO IS A CONSERVATION OFFICER AS DESCRIBED IN
12 SECTION 48 OR A MEMBER WHO IS ELIGIBLE FOR A SUPPLEMENTAL EARLY
13 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN
14 SECTION 45 MAY MAKE THE ELECTION AND BE ELIGIBLE FOR A RETIREMENT
15 ALLOWANCE UNDER THIS SECTION IF THE MEMBER MEETS THE ELIGIBILITY
16 REQUIREMENTS OF THIS SECTION. A MEMBER WHO MEETS THE ELIGIBILITY
17 REQUIREMENTS AND MAKES AN ELECTION UNDER THIS SECTION SHALL RECEIVE
18 A RETIREMENT ALLOWANCE CALCULATED UNDER THIS SECTION AND SHALL NOT
19 BE ELIGIBLE FOR ANY SUPPLEMENTAL BENEFIT THAT HE OR SHE MAY HAVE
20 BEEN ELIGIBLE FOR HAD HE OR SHE RETIRED UNDER SECTIONS 45 TO 48.

21 (7) ANY ADDITIONAL COSTS TO THE RETIREMENT SYSTEM AS A RESULT
22 OF THE RETIREMENT ALLOWANCE CALCULATIONS UNDER SUBSECTION (5) SHALL
23 BE AMORTIZED OVER A 5-YEAR PERIOD.

24 Sec. 20. (1) ~~Upon~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 20/,
25 UPON his or her retirement, as provided for in section 19, 19a,
26 19b, 19c, or 19d, a member shall receive a retirement allowance
27 equal to the member's number of years and fraction of a year of

1 credited service multiplied by 1-1/2% of his or her final average
2 compensation. The member's retirement allowance is subject to
3 subsection (3). Upon his or her retirement, the member may elect an
4 option provided for in section 31(1).

5 (2) Pursuant to rules promulgated by the retirement board, a
6 member who retires before becoming 65 years of age may elect to
7 have his or her regular retirement allowance equated on an
8 actuarial basis to provide an increased retirement allowance
9 payable up to his or her attainment of 65 years of age and a
10 reduced retirement allowance payable after his or her attainment of
11 65 years of age. His or her increased retirement allowance payable
12 up to age 65 shall approximately equal the sum of his or her
13 reduced retirement allowance payable after age 65 and his or her
14 estimated social security primary insurance amount. In addition,
15 upon retirement the member may elect an option provided for in
16 section 31(1).

17 (3) If a retirant dies before receiving payment of his or her
18 retirement allowance in an aggregate amount equal to the retirant's
19 accumulated contributions credited to the retirant in the
20 employees' savings fund at the time of his or her retirement, the
21 difference between his or her accumulated contributions and the
22 amount of retirement allowance received by him or her shall be paid
23 to the person or persons that he or she nominated by written
24 designation executed and filed with the retirement board. If the
25 person or persons do not survive the retirant, then the difference,
26 if any, shall be paid to the retirant's legal representative or
27 estate. Benefits shall not be paid under this subsection on account

1 of the death of the retirant if he or she elected an option
2 provided for in section 31(1).

3 (4) If a member has 10 or more years of credited service, or
4 has 5 or more years of credited service as an elected officer or in
5 a position in the executive branch or the legislative branch
6 excepted or exempt from the classified state civil service as
7 provided in section 5 of article XI of the state constitution of
8 1963, and is separated from the service of the state for a reason
9 other than retirement or death, he or she shall remain a member
10 during the period of absence from the state service for the
11 exclusive purpose of receiving a retirement allowance provided for
12 in this section. If a former employee of the state accident fund
13 who had 5 or more years of service as an employee of the state
14 accident fund returns to employment with the state before receiving
15 a retirement allowance under this act, the employee shall be
16 required to accumulate 10 or more years of credited service before
17 receiving a retirement allowance under this act. If a former
18 employee of the Michigan biologic products institute who is
19 eligible to and has elected to purchase additional credited service
20 pursuant to section 17(2) returns to employment with the state
21 before receiving a retirement allowance under this act, the
22 employee shall be required to accumulate 10 or more years of
23 credited service, without regard to the additional credited service
24 purchased pursuant to section 17(2) but including any credited
25 service authorized under section 16, before receiving a retirement
26 allowance under this act. If the member withdraws all or part of
27 his or her accumulated contributions, he or she ceases to be a

1 member. Upon becoming 60 years of age or older, the member may
2 retire upon his or her written application to the retirement board
3 as provided in section 19(1). If a member elects an option as
4 provided under section 31(4), but dies before the effective date of
5 his or her retirement, the option elected by the member shall be
6 carried out, and the beneficiary of the member is entitled to all
7 advantages due under that option.

8 (5) A person who is a member after January 1, 1981, who has at
9 least 5 years of credited service, and whose employment with the
10 department formerly known as the department of mental health is
11 terminated by reason of reduction in force related to
12 deinstitutionalization that may or may not result in facility
13 closure, shall remain a member during the period of absence from
14 the state service for the exclusive purpose of receiving a service
15 retirement allowance as provided in this subsection. As used in
16 this subsection, "deinstitutionalization" means planned reduction
17 of state center or hospital beds through placement of individuals
18 from the hospital or facility, or through limiting admissions to
19 centers and hospitals, or both. If a member withdraws all or part
20 of the member's accumulated contributions, the member ceases to be
21 a member. Upon becoming 60 years of age or older, the member may
22 retire upon written application to the retirement board. The
23 application shall specify a date on which the member desires to
24 retire. Upon retirement, the member shall receive a retirement
25 allowance equal to the number of years and fraction of a year of
26 credited state service multiplied by 1-1/2% of the member's final
27 average compensation. Upon retirement, the member may elect an

1 option provided in section 31(1). If the member elects an option
2 provided for in section 31(4), but dies before the effective date
3 of retirement, the option elected by the member shall be carried
4 out, and a beneficiary of the member is entitled to all advantages
5 due under the option.

6 (6) A retirant or the beneficiary of a retirant who retired
7 before July 1, 1974 shall have his or her retirement allowance
8 recalculated based on the retirant's number of years and fraction
9 of a year of credited service multiplied by 1.5% of his or her
10 final average compensation. The retirant or beneficiary is eligible
11 to receive the recalculated retirement allowance beginning October
12 1, 1987, but is not eligible to receive the adjusted amount
13 attributable to any month beginning before October 1, 1987. The
14 recalculated retirement allowance provided by this subsection shall
15 be paid by January 1, 1988 and shall be the basis on which future
16 adjustments to the allowance, including the supplement provided by
17 section 20h, are calculated. The retirement allowance of a retirant
18 who dies before January 1, 1988, and who did not nominate a
19 retirement allowance beneficiary pursuant to section 31, shall not
20 be recalculated pursuant to this subsection.

21 (7) Each retirement allowance payable under this act shall
22 date from the first of the month following the month in which the
23 applicant satisfies the age and service or other requirements for
24 receiving the retirement allowance and terminates state service. A
25 full month's retirement allowance is payable for the month in which
26 a retirement allowance ceases.

27 (8) An employee of the state accident fund who has 5 or more

1 but less than 10 years of credited service as of the effective date
2 of the transfer authorized by section 701a of the worker's
3 disability compensation act of 1969, 1969 PA 317, MCL 418.701a, and
4 who is permitted to receive a retirement allowance under subsection
5 (4) is eligible for health care benefits under section 20d on the
6 date of his or her retirement to the same extent as a member with
7 10 years of credited service who vested on the same date.

8 (9) An employee of the Michigan biologic products institute
9 who has 5 or more but less than 10 years of credited service as of
10 the effective date of the conveyance authorized by the Michigan
11 biologic products institute transfer act and who is permitted to
12 receive a retirement allowance under subsection (4) is eligible for
13 health care benefits under section 20d on the date of his or her
14 retirement to the same extent as a member with 10 years of credited
15 service who vested on the same date.

16 Sec. 20d. (1) On and after July 1, 1974, hospitalization and
17 medical coverage insurance premium payable by any retirant or his
18 or her beneficiary and his or her dependents under any group health
19 plan authorized by the Michigan civil service commission and the
20 department of **TECHNOLOGY**, management, and budget shall be paid by
21 the retirement board from the health insurance reserve fund created
22 in section 11. The amount payable shall be in the same proportion
23 of premium payable by the state of Michigan for the classified
24 employees occupying positions in the state civil service **WHO**
25 **COMMENCED EMPLOYMENT WITH THE STATE BEFORE APRIL 1, 2010**. The
26 hospitalization and medical insurance premium payable shall be paid
27 from appropriations made for this purpose to the health insurance

1 reserve fund sufficient to cover the premium payment needed to be
2 made.

3 ~~(2) Effective January 1, 1988, 90% of the premium payable by a~~
4 ~~retirant or the retirant's beneficiary and his or her dependents~~
5 ~~for dental coverage or vision coverage, or both, under any group~~
6 ~~plan authorized by the Michigan civil service commission and the~~
7 ~~department of management and budget shall be paid by the retirement~~
8 ~~board from the health insurance reserve fund created in section 11.~~

9 THE DENTAL COVERAGE AND VISION COVERAGE INSURANCE PREMIUM PAYABLE
10 BY ANY RETIRANT WHO RETIRED ON OR BEFORE OCTOBER 1, 2010 OR WHOSE
11 EFFECTIVE DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION
12 19J(4), OR HIS OR HER BENEFICIARY AND HIS OR HER DEPENDENTS UNDER
13 ANY GROUP HEALTH PLAN AUTHORIZED BY THE CIVIL SERVICE COMMISSION
14 AND THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, SHALL BE
15 PAID BY THE RETIREMENT BOARD FROM THE HEALTH INSURANCE RESERVE FUND
16 CREATED IN SECTION 11. THE AMOUNT PAYABLE SHALL BE IN THE SAME
17 PROPORTION OF PREMIUM PAYABLE BY THIS STATE FOR THE CLASSIFIED
18 EMPLOYEES OCCUPYING POSITIONS IN THE STATE CIVIL SERVICE, WHO
19 COMMENCED STATE EMPLOYMENT BEFORE APRIL 1, 2010. THE DENTAL OR
20 VISION INSURANCE PREMIUM PAYABLE SHALL BE PAID FROM APPROPRIATIONS
21 MADE FOR THIS PURPOSE TO THE HEALTH INSURANCE RESERVE FUND
22 SUFFICIENT TO COVER THE PREMIUM PAYMENT NEEDED TO BE MADE.

23 (3) ANY RETIRANT OR HIS OR HER BENEFICIARY AND HIS OR HER
24 DEPENDENTS EXCLUDED FROM STATE SUBSIDIZED INSURANCE PREMIUMS MAY
25 PARTICIPATE IN THE DENTAL COVERAGE OR VISION COVERAGE PROVIDED BY
26 THIS SECTION IN THE MANNER PRESCRIBED BY THE RETIREMENT SYSTEM AT
27 HIS OR HER OWN COST.

1 (4) ~~(3)~~—The department of **TECHNOLOGY**, management, and budget
2 shall calculate for each fiscal year any cost savings that have
3 accrued to this state as a result of the implementation of 1996 PA
4 487 over the costs that would have been incurred by this state to
5 fund premiums payable pursuant to section 68 had 1996 PA 487 not
6 been implemented. The total amount of the cost savings, if any,
7 shall be allocated to the health advance funding subaccount created
8 under section 11(9).

9 (5) ~~(4)~~—On and after March 31, 1997, the retirement system
10 shall also pay health insurance premiums described in this section
11 in the manner prescribed in section 68.

12 (6) ~~(5)~~—For purposes of this section, "retirant" includes a
13 person who retires under section 306 or 410 of the Michigan
14 military act, 1967 PA 150, MCL 32.706 and 32.810.

15 **SEC. 20I. (1) A MEMBER WHO FIRST REACHES 30 YEARS OF EARNED**
16 **SERVICE CREDIT ON OR AFTER OCTOBER 1, 2010 SHALL HAVE NO MORE THAN**
17 **30 YEARS OF EARNED SERVICE CREDIT INCLUDED IN THE CALCULATION OF A**
18 **RETIREMENT ALLOWANCE UPON RETIREMENT.**

19 **(2) A MEMBER WHO HAS MORE THAN 30 YEARS OF EARNED SERVICE**
20 **CREDIT AS OF OCTOBER 1, 2010 SHALL HAVE NO MORE THAN THE YEARS OF**
21 **EARNED SERVICE CREDIT ACCRUED AS OF OCTOBER 1, 2010 INCLUDED IN THE**
22 **CALCULATION OF A RETIREMENT ALLOWANCE UPON RETIREMENT.**

23 **(3) BEGINNING ON OCTOBER 1, 2010, ANY MEMBER DESCRIBED IN**
24 **SUBSECTION (1) OR (2) SHALL CEASE ACCRUING EARNED SERVICE CREDIT IN**
25 **TIER 1 FOR PURPOSES OF CALCULATING A RETIREMENT ALLOWANCE AND SHALL**
26 **BECOME A QUALIFIED PARTICIPANT IN TIER 2 UNDER SECTION 55. THE**
27 **RETIREMENT SYSTEM SHALL DETERMINE THE METHOD AND TIME FRAME FOR THE**

1 TRANSITION OF PARTICIPATION BETWEEN TIER 1 AND TIER 2.

2 (4) THIS SECTION DOES NOT APPLY TO A MEMBER WHOSE EFFECTIVE
3 DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION 19J(4).

4 (5) FOR PURPOSES OF THIS SECTION, "EARNED SERVICE CREDIT" DOES
5 NOT INCLUDE ANY SERVICE CREDIT THAT IS PURCHASED UNDER THIS ACT.

6 SEC. 35. (1) BEGINNING OCTOBER 1, 2010 AND ENDING ON THE DATE
7 THE TIER 1 MEMBER ACCRUES 30 YEARS OF EARNED SERVICE CREDIT, EACH
8 TIER 1 MEMBER SHALL CONTRIBUTE AN AMOUNT EQUAL TO 3% OF HIS OR HER
9 COMPENSATION TO THE EMPLOYEES' SAVINGS FUND.

10 (2) THE RETIREMENT SYSTEM SHALL DETERMINE A METHOD OF
11 DEDUCTING THE CONTRIBUTIONS PROVIDED FOR IN THIS SECTION FROM THE
12 COMPENSATION OF EACH MEMBER FOR EACH PAYROLL AND EACH PAYROLL
13 PERIOD.

14 (3) THIS STATE SHALL PICK UP THE MEMBER CONTRIBUTIONS REQUIRED
15 BY SUBSECTION (1) FOR ALL COMPENSATION EARNED AFTER OCTOBER 1,
16 2010. CONTRIBUTIONS PICKED UP SHALL BE TREATED AS EMPLOYER
17 CONTRIBUTIONS IN DETERMINING TAX TREATMENT UNDER THE INTERNAL
18 REVENUE CODE. THIS STATE SHALL PAY THESE MEMBER CONTRIBUTIONS FROM
19 THE SAME SOURCE OF FUNDS THAT IS USED IN PAYING COMPENSATION TO THE
20 MEMBER. THIS STATE MAY PICK UP THESE CONTRIBUTIONS BY A REDUCTION
21 IN THE CASH SALARY OF THE MEMBER.

22 (4) THIS SECTION DOES NOT APPLY TO A MEMBER WHOSE EFFECTIVE
23 DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION 19J(4).

24 Sec. 55. (1) "Plan document" means the document that contains
25 the provisions and procedures of Tier 2 in conformity with this act
26 and the internal revenue code.

27 (2) "Qualified participant" means an individual who is a

1 participant of Tier 2 and who meets 1 of the following
2 requirements:

3 (a) An individual who is first employed and entered upon the
4 payroll of his or her employer on or after March 31, 1997, and who
5 before March 31, 1997 would have been eligible to be a member of
6 Tier 1.

7 (b) An individual who elects to terminate membership in Tier 1
8 and who elects to participate in Tier 2 in the manner prescribed in
9 section 50.

10 (C) AN INDIVIDUAL WHO HAS REACHED THE MAXIMUM AMOUNT OF YEARS
11 OF EARNED SERVICE CREDIT FOR PURPOSES OF CALCULATION OF A
12 RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I. NOTWITHSTANDING ANY
13 OTHER PROVISION OF THIS ACT, AN INDIVIDUAL DESCRIBED IN THIS
14 SUBSECTION SHALL NOT BE TREATED AS A QUALIFIED PARTICIPANT FOR
15 PURPOSES OF SECTIONS 67A AND 68.

16 (3) "Refund beneficiary" means an individual nominated by a
17 qualified participant or a former qualified participant under
18 section 66 to receive a distribution of the participant's
19 accumulated balance in the manner prescribed in section 67.

20 (4) "State treasurer" means the treasurer of this state.

21 (5) Except as otherwise provided in this subsection, "year of
22 service" means each period during which a qualified participant is
23 employed by the employer and is credited with 2,080 hours of
24 service. The Tier 2 plan administrator and the plan document may
25 provide for a lesser number of annual hours and a maximum number of
26 hours per pay period for any classification of employees, provided
27 that no participant shall receive credit for more than 1 year of

1 service for any 12-month period of employment. Beginning January 1,
2 2003, full service credit shall also be given to a participant for
3 furlough hours, for required 1-day layoffs, for required and
4 designated temporary layoffs, for a year in which a participant
5 temporarily leaves employment to enter active military duty and
6 then dies during that active military duty, and for participation
7 in the banked leave time program. In the event a terminated
8 participant is reemployed, such individual shall retain credit for
9 all full and partial years of service completed prior to such
10 reemployment, for purposes of determining his or her vesting
11 percentage in any employer contributions made pursuant to section
12 63(2) and (3) after his or her reemployment.

13 Sec. 65. A qualified participant who was a member, deferred
14 member, or former nonvested member of Tier 1 who makes an election
15 to participate in Tier 2 pursuant to section 50, **OR WAS A MEMBER**
16 **WHO HAS REACHED THE MAXIMUM AMOUNT OF YEARS OF EARNED SERVICE**
17 **CREDIT FOR PURPOSES OF CALCULATION OF A RETIREMENT ALLOWANCE**
18 **PURSUANT TO SECTION 20I**, shall be credited with the years of
19 service accrued under Tier 1 on the effective date of participation
20 in Tier 2 for the purpose of meeting the vesting requirements for
21 benefits under section 64.

22 Sec. 67a. (1) Except as otherwise provided in section 33, a
23 qualified participant who becomes totally incapacitated for duty
24 because of a personal injury or disease shall be retired if all of
25 the following apply:

26 (a) Within 1 year after the qualified participant becomes
27 totally incapacitated or at a later date if the later date is

1 approved by the retirement board, the qualified participant, the
2 qualified participant's personal representative or guardian, his or
3 her department head, or the state personnel director files an
4 application on behalf of the member with the retirement board.

5 (b) The retirement board finds that the qualified
6 participant's personal injury or disease is the natural and
7 proximate result of the qualified participant's performance of
8 duty.

9 (c) A medical advisor conducts a medical examination of the
10 qualified participant and certifies in writing that the qualified
11 participant is mentally or physically totally incapacitated for
12 further performance of duty, that the total incapacitation is
13 probably permanent, and that the qualified participant should be
14 retired.

15 (d) The retirement board concurs in the recommendation of the
16 medical advisor.

17 (2) If the retirement board grants the application of the
18 qualified participant under subsection (1), the qualified
19 participant shall be granted a supplemental benefit equivalent to
20 the amount provided in section 23 as if the former qualified
21 participant had retired under section 21, which supplemental
22 benefit shall be offset by the value of the distribution of his or
23 her accumulated balance as determined by the retirement system upon
24 becoming a former qualified participant pursuant to section 67.

25 (3) If a qualified participant dies as a result of a personal
26 injury or disease arising out of and in the course of his or her
27 employment with this state, or if a former qualified participant

1 who retired under subsection (1) who dies before becoming age 60
2 and within 3 years after the former qualified participant's
3 disability retirement from the same causes from which he or she
4 separated, and such death or illness or injuries resulting in death
5 are found by the retirement board to have been the sole and
6 exclusive result of employment with this state, a supplemental
7 benefit shall be granted equivalent to the amount provided for in
8 section 27 had the former qualified participant been considered
9 retired under section 27, which supplemental benefit shall be
10 offset by the value of the distribution of his or her accumulated
11 balance upon becoming a former qualified participant pursuant to
12 section 67.

13 (4) A qualified participant, former qualified participant, or
14 beneficiary of a deceased participant, which participant is
15 eligible for a duty disability retirement allowance pursuant to
16 subsection (1), (2), or (3), is eligible for health insurance
17 coverage under section 20d in all respects and under the same terms
18 as would be a retirant and his or her beneficiaries under Tier 1.

19 (5) Except as otherwise provided in section 33, a qualified
20 participant who becomes totally incapacitated for duty because of a
21 personal injury or disease that is not the natural and proximate
22 result of the qualified participant's performance of duty may be
23 retired if all of the following apply:

24 (a) Within 1 year after the qualified participant becomes
25 totally incapacitated or at a later date if the later date is
26 approved by the retirement board, the qualified participant, the
27 qualified participant's personal representative or guardian, the

1 qualified participant's department head, or the state personnel
2 director files an application on behalf of the qualified
3 participant with the retirement board.

4 (b) A medical advisor conducts a medical examination of the
5 qualified participant and certifies in writing that the qualified
6 participant is mentally or physically totally incapacitated for
7 further performance of duty, that the incapacitation is likely to
8 be permanent, and that the qualified participant should be retired.

9 (c) The qualified participant has been a state employee for at
10 least 10 years.

11 (6) If the retirement board grants the application of the
12 qualified participant under subsection (5), the qualified
13 participant shall be granted a supplemental benefit equivalent to
14 the amount provided for in section 25 as if the qualified
15 participant had retired under section 24. The supplemental benefit
16 shall be offset by the value of the distribution of his or her
17 accumulated balance as determined by the retirement system upon
18 becoming a former qualified participant pursuant to section 67.

19 (7) If a qualified participant who has been a state employee
20 for the number of years necessary to vest under Tier 1 dies as a
21 result of causes occurring not in the performance of duty to this
22 state, a supplemental benefit shall be granted equivalent to the
23 amount provided for in section 25 had the former qualified
24 participant been considered retired under section 24, which
25 supplemental benefit shall be offset by the value of the
26 distribution of his or her accumulated balance as determined by the
27 retirement system upon becoming a former qualified participant

1 pursuant to section 67.

2 (8) A qualified participant, former qualified participant, or
3 beneficiary of a deceased participant, which participant is
4 eligible for a disability retirement allowance pursuant to
5 subsection (4) or (5), is eligible for health insurance coverage
6 under section 20d in all respects and under the same terms as would
7 be a retirant and his or her beneficiaries under Tier 1.

8 (9) **THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL WHO HAS**
9 **REACHED THE MAXIMUM AMOUNT OF EARNED SERVICE FOR PURPOSES OF**
10 **CALCULATION OF A RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I.**

11 Sec. 68. (1) A former qualified participant may elect health
12 insurance benefits in the manner prescribed in this section if he
13 or she meets both of the following requirements:

14 (a) The former qualified participant is vested in health
15 benefits under section 64(2).

16 (b) The former qualified participant meets or exceeds the
17 benefit commencement age employed in the actuarial present value
18 calculation under section 51 and the service requirements that
19 would have applied to that former participant under Tier 1 for
20 receiving health insurance coverage under section 20d, if that
21 former participant was a member of Tier 1.

22 (2) A former qualified participant who is eligible to elect
23 health insurance coverage under subsection (1) may elect health
24 insurance coverage in a health benefit plan or plans as authorized
25 by section 20d. ~~, or in another plan as provided in subsection (6).~~
26 A former qualified participant who is eligible to elect health
27 insurance coverage under subsection (1) may also elect health

1 insurance coverage for his or her health benefit dependents, if
 2 any. A surviving health benefit dependent of a deceased former
 3 qualified participant who is eligible to elect health insurance
 4 coverage under subsection (1) may elect health insurance coverage
 5 in the manner prescribed in this section.

6 (3) ~~Except as otherwise provided in subsection (6), an~~ **AN**
 7 individual who elects health insurance coverage under this section
 8 shall become a member of a health insurance coverage group
 9 authorized pursuant to section 20d.

10 (4) For a former qualified participant who is eligible to
 11 elect health insurance coverage under subsection (1) and who is
 12 vested in those benefits under section 64(2)(a), and for his or her
 13 health benefit dependents, this state shall pay a portion of the
 14 health insurance premium as calculated under this subsection on a
 15 cash disbursement method. An individual described in this
 16 subsection who elects health insurance coverage under this section
 17 shall pay to the retirement system the remaining portion of the
 18 health insurance coverage premium not paid by this state under this
 19 subsection. ~~The~~ **FOR A FORMER QUALIFIED PARTICIPANT WHO COMMENCED**
 20 **STATE EMPLOYMENT BEFORE APRIL 1, 2010 AND FOR HIS OR HER HEALTH**
 21 **BENEFIT DEPENDENTS, THE** portion of the health insurance coverage
 22 premium paid by this state under this subsection shall be equal to
 23 the product of 3% and the former qualified participant's years of
 24 service, up to 30 years, ~~and~~ **BUT** shall not exceed **THE LESSER OF 90%**
 25 of the payments for health insurance coverage **OR THE PORTION OF THE**
 26 **HEALTH INSURANCE COVERAGE PREMIUMS PAYABLE BY THIS STATE FOR A**
 27 **RETIRANT, HIS OR HER BENEFICIARY, AND HIS OR HER DEPENDENTS** under

1 section 20d. If the individual elects the health insurance coverage
2 provided under section 20d, the state shall transfer its portion of
3 the amount calculated under this subsection to the health insurance
4 reserve fund created by section 11. **FOR A FORMER QUALIFIED**
5 **PARTICIPANT WHO COMMENCED STATE EMPLOYMENT ON OR AFTER APRIL 1,**
6 **2010 AND FOR HIS OR HER HEALTH BENEFIT DEPENDENTS, THE PORTION OF**
7 **THE HEALTH INSURANCE COVERAGE PREMIUM PAID BY THIS STATE UNDER THIS**
8 **SUBSECTION SHALL BE EQUAL TO THE PRODUCT OF 3% AND THE FORMER**
9 **QUALIFIED PARTICIPANT'S YEARS OF SERVICE, UP TO 30 YEARS, BUT SHALL**
10 **NOT EXCEED THE LESSER OF THE PORTION OF THE HEALTH INSURANCE**
11 **COVERAGE PREMIUMS PAYABLE BY THIS STATE FOR A RETIRANT, HIS OR HER**
12 **BENEFICIARY, AND HIS OR HER DEPENDENTS UNDER SECTION 20D OR THE**
13 **PORTION OF THE HEALTH INSURANCE COVERAGE PREMIUMS PAYABLE BY THIS**
14 **STATE FOR A MEMBER WHO OCCUPIES A POSITION IN THE CLASSIFIED STATE**
15 **CIVIL SERVICE OR HAS CLASSIFIED CIVIL SERVICE STATUS COMMENCING**
16 **STATE EMPLOYMENT ON OR AFTER APRIL 1, 2010.**

17 (5) For a former qualified participant who is eligible to
18 elect health insurance coverage under subsection (1) and who is
19 vested in those benefits under section 64(2)(b), and for his or her
20 health benefit dependents, this state shall pay a portion of the
21 health insurance premium as calculated under this subsection on a
22 cash disbursement method. An individual described in this
23 subsection who elects health insurance coverage under this section
24 shall pay to the retirement system the remaining portion of the
25 health insurance coverage premium not paid by this state under this
26 subsection. The portion of the health insurance coverage premium
27 paid by this state under this subsection shall be equal to the

1 premium amounts paid on behalf of retirants of Tier 1 for health
2 insurance coverage under section 20d. If the individual elects the
3 health insurance coverage provided under section 20d, the state
4 shall transfer its portion of the amount calculated under this
5 subsection to the health insurance reserve fund created by section
6 11.

7 ~~(6) A former qualified participant or health benefit dependent~~
8 ~~who is eligible to elect health insurance coverage under this~~
9 ~~section and who elects health insurance coverage under a different~~
10 ~~plan than the plan authorized under section 20d may elect to have~~
11 ~~an amount up to the amount of the retirement system's share of the~~
12 ~~monthly health insurance premium subsidy provided in this section~~
13 ~~paid by the retirement system directly to the other health~~
14 ~~insurance plan or to a medical savings account established pursuant~~
15 ~~to section 220 of the internal revenue code, to the extent allowed~~
16 ~~by law or under the provisions and procedures of Tier 2. BEGINNING~~
17 ~~JANUARY 1, 2011, ANY FORMER QUALIFIED PARTICIPANT OR HEALTH BENEFIT~~
18 ~~DEPENDENT WHO IS ELIGIBLE TO ELECT HEALTH INSURANCE COVERAGE UNDER~~
19 ~~THIS SECTION AND WHO PREVIOUSLY ELECTED COVERAGE UNDER A DIFFERENT~~
20 ~~PLAN THAN THE PLAN AUTHORIZED UNDER SECTION 20D MAY EITHER ELECT~~
21 ~~COVERAGE UNDER THIS SECTION OR MAY AT HIS OR HER OWN COST~~
22 ~~PARTICIPATE IN COVERAGE UNDER A DIFFERENT PLAN THAN THE PLAN~~
23 ~~AUTHORIZED UNDER SECTION 20D.~~

24 (7) If the department of **TECHNOLOGY**, management, and budget
25 receives notification from the United States internal revenue
26 service that this section or any portion of this section will cause
27 the retirement system to be disqualified for tax purposes under the

1 internal revenue code, then the portion that will cause the
2 disqualification does not apply.

3 (8) ANY FORMER QUALIFIED PARTICIPANT WHO OTHERWISE MET THE
4 BENEFIT COMMENCEMENT AGE AND SERVICE REQUIREMENTS FOR RECEIVING
5 HEALTH INSURANCE COVERAGE UNDER SECTION 20D AND HIS OR HER HEALTH
6 BENEFIT DEPENDENTS WHO ARE EXCLUDED FROM STATE SUBSIDIZED DENTAL OR
7 VISION INSURANCE COVERAGE PREMIUMS PROVIDED BY THIS SECTION OR
8 SECTION 20D MAY PARTICIPATE IN THAT DENTAL OR VISION INSURANCE
9 COVERAGE IN THE MANNER PRESCRIBED BY THE RETIREMENT SYSTEM AT HIS
10 OR HER OWN COST.

11 (9) AS USED IN THIS SECTION, "HEALTH INSURANCE COVERAGE" MEANS
12 THE HOSPITALIZATION AND MEDICAL INSURANCE, DENTAL COVERAGE, VISION
13 COVERAGE, AND ANY OTHER HEALTH CARE INSURANCE PROVIDED IN SECTION
14 20D.

15 (10) THIS SECTION SHALL NOT APPLY TO AN INDIVIDUAL WHO HAS
16 REACHED THE MAXIMUM AMOUNT OF EARNED SERVICE FOR PURPOSES OF
17 CALCULATION OF A RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I.

18 Sec. 68c. (1) Except as otherwise provided in this ~~subsection~~
19 SECTION, a retirant who is receiving a retirement allowance under
20 this act and is employed by this state beginning on or after ~~the~~
21 ~~effective date of this section~~ OCTOBER 1, 2007 agrees to forfeit
22 his or her right to receive that retirement allowance during this
23 period of state employment. The retirement system shall cease
24 payment of the retirement allowance to a retirant described in this
25 subsection during this period of state employment and shall
26 reinstate payment of the retirement allowance without recalculation
27 when the period of state employment ceases. This subsection does

1 not apply to a retirant who is employed by this state on ~~the day~~
2 ~~before the effective date of this section~~ **SEPTEMBER 30, 2007** so
3 long as he or she remains in the position held by the retirant on
4 ~~the day before the effective date of this section~~ **SEPTEMBER 30,**
5 **2007.** As used in this subsection, "employed by this state" means
6 employed directly by this state as an employee or indirectly by
7 this state through a contractual arrangement with other parties.

8 (2) A MEMBER MAY RETIRE UNDER THIS ACT AND NOT HAVE HIS OR HER
9 RETIREMENT ALLOWANCE FORFEITED UNDER SUBSECTION (1), IF THE MEMBER
10 SATISFIES ALL OF THE FOLLOWING:

11 (A) HAD AT LEAST 1,040 HOURS OF SERVICE CREDIT WITH THE STATE
12 FOR EACH OF THE 5 YEARS PRECEDING TERMINATION.

13 (B) TERMINATED STATE SERVICE ON OR AFTER JULY 1, 2010.

14 (C) AT THE TIME OF TERMINATION WAS AT LEAST 60 YEARS OF AGE
15 AND MET THE SERVICE REQUIREMENT TO RECEIVE A RETIREMENT ALLOWANCE
16 UNDER THIS ACT.

17 (D) AGREES TO ACCEPT A POSTRETIREMENT OPTION POSITION WITH THE
18 STATE PRIOR TO TERMINATING STATE SERVICE WITH A WORK SCHEDULE THAT
19 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

20 (i) HAS A REDUCTION OF AT LEAST 50% FROM THE HOURS REPORTABLE
21 FOR RETIREMENT IN THE PREVIOUS FISCAL YEAR.

22 (ii) PERMITS NO MORE THAN 1,040 HOURS OF SERVICE CREDIT IN A
23 12-MONTH PERIOD.

24 (iii) COMMENCES NO LATER THAN 2 WEEKS FOLLOWING TERMINATION OF
25 STATE SERVICE.

26 (3) THE APPOINTING AUTHORITY AND THE STATE BUDGET DIRECTOR
27 MUST APPROVE AND SHALL JOINTLY HAVE THE SOLE DISCRETION TO

1 DETERMINE IF, AND THE EXTENT TO WHICH, A POSTRETIREMENT OPTION
2 POSITION UNDER THIS SECTION WILL BE MADE AVAILABLE TO A TERMINATING
3 MEMBER OR RETIRANT.

4 (4) POSTRETIREMENT OPTION EMPLOYMENT SHALL BE FOR AN INITIAL
5 PERIOD NOT TO EXCEED 1 YEAR. AT THE END OF THE INITIAL AND ANY
6 SUBSEQUENT PERIOD, THE APPOINTING AUTHORITY AND THE STATE BUDGET
7 OFFICE JOINTLY HAVE THE SOLE DISCRETION TO DETERMINE IF THE OFFER
8 OF A POSTRETIREMENT OPTION POSITION WILL BE RENEWED, RENEWED WITH
9 MODIFICATIONS, OR TERMINATED. POSTRETIREMENT OPTION POSITIONS MAY
10 BE RENEWED FOR UP TO 1 YEAR AT A TIME, BUT NOT TO EXCEED A TOTAL OF
11 3 YEARS. A RETIRANT SHALL NOT BE EMPLOYED IN A POSTRETIREMENT
12 OPTION POSITION, OR A COMBINATION OF POSTRETIREMENT OPTION
13 POSITIONS, FOR A TOTAL OF MORE THAN 3 YEARS.

14 (5) A RETIRANT WILL NOT EARN ANY SERVICE CREDIT OR BE A
15 QUALIFIED PARTICIPANT IN TIER 2 UNDER THIS ACT WHILE EMPLOYED IN A
16 POSTRETIREMENT OPTION POSITION. NO CHANGE TO A RETIRANT'S
17 RETIREMENT ALLOWANCE SHALL BE MADE ON ACCOUNT OF EMPLOYMENT IN A
18 POSTRETIREMENT OPTION POSITION.

19 (6) ~~(2)~~A hospital, medical-surgical, and sick care benefits
20 plan, dental plan, vision plan, and hearing plan that covers
21 retirants, retirant allowance beneficiaries, former qualified
22 participants, and health benefit dependents under this act shall
23 contain a coordination of benefits provision that provides all of
24 the following:

25 (a) If the person covered under any of the plans is also
26 eligible for medicare, then the benefits under medicare shall be
27 determined before the health insurance benefits under this act.

1 (b) If a person covered under any of the plans provided by
2 this act is also covered under another plan that contains a
3 coordination of benefits provision, the benefits shall be
4 coordinated as provided in the coordination of benefits act, 1984
5 PA 64, MCL 550.251 to 550.255.

6 (c) If the person covered under any of the plans provided by
7 this act is also covered under another plan that does not contain a
8 coordination of benefits provision, the benefits under the other
9 plan shall be determined before the benefits provided pursuant to
10 this act.

11 (7) IF THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
12 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE
13 SERVICE THAT THIS SECTION OR ANY PORTION OF THIS SECTION WILL CAUSE
14 THE RETIREMENT SYSTEM TO BE DISQUALIFIED FOR TAX PURPOSES UNDER THE
15 INTERNAL REVENUE CODE, THEN THE PORTION THAT WILL CAUSE THE
16 DISQUALIFICATION DOES NOT APPLY.

17 SEC. 68D. (1) THERE IS APPROPRIATED FOR THE FISCAL YEAR ENDING
18 SEPTEMBER 30, 2010, \$1,600,000.00 TO THE OFFICE OF RETIREMENT
19 SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
20 FOR ADMINISTRATION OF THE CHANGES UNDER THE AMENDATORY ACT THAT
21 ADDED THIS SECTION.

22 (2) THE APPROPRIATION AUTHORIZED IN SUBSECTION (1) IS A WORK
23 PROJECT APPROPRIATION, AND ANY UNENCUMBERED OR UNALLOTTED FUNDS ARE
24 CARRIED FORWARD INTO THE FOLLOWING FISCAL YEAR. THE FOLLOWING IS IN
25 COMPLIANCE WITH SECTION 451A(1) OF THE MANAGEMENT AND BUDGET ACT,
26 1984 PA 431, MCL 18.1451A:

27 (A) THE PURPOSE OF THE PROJECT IS TO ADMINISTER CHANGES UNDER

1 THE AMENDATORY ACT THAT ADDED THIS SECTION.

2 (B) THE WORK PROJECT WILL BE ACCOMPLISHED THROUGH A PLAN
3 UTILIZING INTERAGENCY AGREEMENTS, EMPLOYEES, AND CONTRACTS.

4 (C) THE TOTAL ESTIMATED COMPLETION COST OF THE WORK PROJECT IS
5 \$1,600,000.00.

6 (D) THE ESTIMATED COMPLETION DATE FOR THE WORK PROJECT IS
7 SEPTEMBER 30, 2011.