

# SENATE BILL NO. 156

March 09, 2023, Introduced by Senators SANTANA and MCBROOM and referred to the Committee on Labor.

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending section 55 (MCL 38.55), as amended by 2011 PA 264, and by adding sections 50b and 64a.

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

1           **Sec. 50b. (1) The retirement system shall permit each covered**  
2 **position qualified participant who first became a qualified**  
3 **participant on or after March 31, 1997 to make an election to**  
4 **terminate being a qualified participant and elect to become a**

1 member of the Michigan state police retirement system created under  
2 the state police retirement act of 1986, 1986 PA 182, MCL 38.1601  
3 to 38.1674.

4 (2) An election under subsection (1) is irrevocable. The  
5 retirement system shall determine a method of accepting elections  
6 during the following periods, as applicable:

7 (a) For a covered position qualified participant who first  
8 became a qualified participant on or after March 31, 1997 and  
9 before February 1, 2024, beginning on the effective date of the  
10 amendatory act that added this section and ending 75 days after the  
11 effective date of the amendatory act that added this section.

12 (b) For a covered position qualified participant who first  
13 becomes a qualified participant on or after February 1, 2024, 75  
14 days from the individual's first payroll date.

15 (3) A covered position qualified participant who does not make  
16 an election before the close of the applicable election period is  
17 considered to have made an election to continue to be a qualified  
18 participant.

19 (4) An election under this section is subject to the eligible  
20 domestic relations order act, 1991 PA 46, MCL 38.1701 to 38.1711.

21 (5) As used in this section:

22 (a) "Covered position" means that term as defined in section  
23 45.

24 (b) "Covered position qualified participant" means a qualified  
25 participant to whom both of the following apply:

26 (i) Is employed in a covered position.

27 (ii) Is not a qualified participant described in section  
28 55(2) (b) or (e).

29 Sec. 55. (1) "Plan document" means the document that contains

1 the provisions and procedures of Tier 2 in conformity with this act  
2 and the internal revenue code.

3 (2) "Qualified participant" means an individual who is a  
4 participant of Tier 2 and who meets 1 of the following  
5 requirements:

6 (a) Is first employed and entered ~~upon~~ **on** the payroll of his  
7 or her employer on or after March 31, 1997, and who before March  
8 31, 1997 would have been eligible to be a member of Tier 1.

9 (b) Elects to terminate membership in Tier 1 and elects to  
10 participate in Tier 2 in the manner prescribed in section 50.

11 (c) Is an adjutant general or an assistant adjutant general  
12 under the Michigan military act, 1967 PA 150, MCL 32.501 to 32.851,  
13 and who is first employed as an adjutant general or assistant  
14 adjutant general ~~on or after January 1, 2011.~~ **December 31, 2010.**

15 (d) Was a member who did not make the election under section  
16 50a.

17 (e) Was a member who made the election under section 50a(1)  
18 and the designation under section 50a(2) and who has attained 30  
19 years of credited service or who has terminated employment and has  
20 been reemployed by this state.

21 (f) Was a member as described in section 50a(6), (7), or (8).

22 **(3) Qualified participant does not include an individual**  
23 **employed in a covered position who elects to terminate being a**  
24 **qualified participant under section 50b. As used in this**  
25 **subsection, "covered position" means that term as defined in**  
26 **section 45.**

27 **(4) ~~(3)~~**"Refund beneficiary" means an individual nominated by  
28 a qualified participant or a former qualified participant under  
29 section 66 to receive a distribution of the participant's

1 accumulated balance in the manner prescribed in section 67.

2 (5) ~~(4)~~—"State treasurer" means the treasurer of this state.

3 (6) ~~(5)~~—"Tax-deferred account" means an account or accounts of  
4 existing deferred compensation plans or plans established by the  
5 retirement system, for which the retirement system has the  
6 authority to determine the membership, eligibility, terms,  
7 conditions, and other administrative and operational features. Tax-  
8 deferred account does not include a health reimbursement account  
9 for purposes other than complying with the contribution limits  
10 described in section 68b(12).

11 (7) ~~(6)~~—Except as otherwise provided in this subsection, "year  
12 of service" means each period during which a qualified participant  
13 is employed by the employer and is credited with 2,080 hours of  
14 service. The Tier 2 plan administrator and the plan document may  
15 provide for a lesser number of annual hours and a maximum number of  
16 hours per pay period for any classification of employees, ~~provided~~  
17 ~~that no~~ **but a** participant ~~shall~~ **may not** receive credit for more  
18 than 1 year of service for any 12-month period of employment.  
19 Beginning January 1, 2003, full service credit ~~shall~~ **must** also be  
20 given to a participant for furlough hours, for required 1-day  
21 layoffs, for required and designated temporary layoffs, for a year  
22 in which a participant temporarily leaves employment to enter  
23 active military duty and then dies during that active military  
24 duty, and for participation in the banked leave time program. ~~In~~  
25 ~~the event~~ **If** a terminated participant is reemployed, ~~such~~ **the**  
26 individual ~~shall~~ **must** retain credit for all full and partial years  
27 of service completed ~~prior to such~~ **before the** reemployment, for  
28 purposes of determining his or her vesting percentage in any  
29 employer contributions made pursuant to section 63(2) and (3) after

1 ~~his or her~~ **the** reemployment.

2       **Sec. 64a. A covered position qualified participant who elects**  
3 **to terminate being a qualified participant under section 50b may**  
4 **transfer part or all of his or her contributions made to Tier 2**  
5 **and, subject to the vesting schedule under section 64, transfer**  
6 **part or all of employer contributions made on his or her behalf to**  
7 **Tier 2 to purchase service credit under the state police retirement**  
8 **act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674, as provided in**  
9 **section 24c of the state police retirement act of 1986, 1986 PA**  
10 **182, MCL 38.1624c.**

11       Enacting section 1. This amendatory act does not take effect  
12 unless Senate Bill No. 157 of the 102nd Legislature is enacted into  
13 law.