

REPRINT

**SUBSTITUTE FOR  
SENATE BILL NO. 605**

(As Passed the Senate December 2, 1999)

A bill to amend 1992 PA 234, entitled "The judges retirement act of 1992," by amending sections 104, 108, 202, 306, 401a, 504, 506, 508, 701, 705, 706, 711, 713, 714, 715, and 716 (MCL 38.2104, 38.2108, 38.2202, 38.2306, 38.2401a, 38.2504, 38.2506, 38.2508, 38.2651, 38.2655, 38.2656, 38.2661, 38.2663, 38.2664, 38.2665, and 38.2666), section 104 as amended by 1995 PA 193, sections 401a, 705, 706, 711, 713, and 714 as added by 1996 PA 523, and sections 701, 715, and 716 as amended by 1998 PA 66, and by adding sections 214a, 504a, 701a, 701b, and 702a; and to repeal acts and parts of acts.

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

- 1**       Sec. 104. (1) "Compensation" means 1 of the following:
- 2**       (a) For a plan 1 member or plan 2 member, the salary paid by
- 3** this state.

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1 (b) For a plan 3 member, the salary paid by this state,  
2 except that for a plan 3 member who is a judge of the recorder's  
3 court of the city of Detroit, compensation means an amount equal  
4 to the salary paid by this state to a judge of the circuit court  
5 and for a plan 3 member who is a judge of the probate court, com-  
6 pensation means an amount equal to the salary paid ~~by this state~~  
7 ~~to a judge of the district court~~ PURSUANT TO SECTION 821 OF THE  
8 REVISED JUDICATURE ACT OF 1961, 1961 PA 236, MCL 600.821. In  
9 addition, compensation for a plan 3 member includes salary stan-  
10 dardization payments converted as an addition to the state base  
11 salary as provided by section 504, if any, AND THE BALANCE CON-  
12 VERTED PURSUANT TO SECTION 504A, IF ANY.

13 (c) For a plan 4 member, the total judicial salary payable  
14 from all sources.

15 (d) For a plan 5 member, the total salary paid by this state  
16 and the district control unit of the district court in the  
17 thirty-sixth district.

18 (e) For a plan 6 or 7 member, the salary approved by the  
19 county board of commissioners and includes salary standardization  
20 payments made to the member by the county.

21 (2) "County retirement plan" means a county retirement plan  
22 established under section 12a of ~~Act No. 156 of the Public Acts~~  
23 ~~of 1851, being section 46.12a of the Michigan Compiled Laws~~ 1851  
24 PA 156, MCL 46.12A.

25 (3) "Court fees" means a court filing fee or costs earmarked  
26 for the retirement system and collected by a county clerk, clerk  
27 of the circuit court, or clerk of the district court pursuant to

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1 sections 880, 2529, 5756, 8371, 8381, and 8420 of the revised  
2 judicature act of 1961, ~~Act No. 236 of the Public Acts of 1961,~~  
3 ~~being sections 600.880, 600.2529, 600.5756, 600.8371, 600.8381,~~  
4 ~~and 600.8420 of the Michigan Compiled Laws~~ 1961 PA 236,  
5 MCL 600.880, 600.2529, 600.5756, 600.8371, 600.8381, AND  
6 600.8420.

7 (4) "Credited service" means all of the following:

8 (a) Service credited to a member under this act, the former  
9 judges retirement system, and the former probate judges retire-  
10 ment system.

11 (b) Other public service purchased under section 403.

12 (c) Service purchased under section 404.

13 (5) "Department" means the department of management and  
14 budget.

15 (6) "Direct rollover" means a payment by the retirement  
16 system to the eligible retirement plan specified by the  
17 distributee.

18 (7) "Distributee" includes a member or vested former  
19 member. Distributee also includes the member's or vested former  
20 member's surviving spouse or the member's or vested former  
21 member's spouse or former spouse under an eligible domestic rela-  
22 tions order, with regard to the interest of the spouse or former  
23 spouse.

24 (8) "District control unit" means district control unit as  
25 defined in section 8104 of the revised judicature act of 1961,  
26 ~~Act No. 236 of the Public Acts of 1961, being section 600.8104~~  
27 ~~of the Michigan Compiled Laws~~ 1961 PA 236, MCL 600.8104.

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1           Sec. 108. (1) "Plan 1 member" means a member or vested  
2 former member who is or was the governor, lieutenant governor,  
3 secretary of state, attorney general, or legislative auditor  
4 general.

5           (2) "Plan 2 member" means a member or vested former member  
6 who is or was the constitutional court administrator, a justice  
7 of the supreme court, or a judge of the court of appeals.

8           (3) "Plan 3 member" means a member or vested former member  
9 who is or was a judge of the circuit court, judge of the  
10 recorder's court of the city of Detroit, judge of the district  
11 court, except a judge of the thirty-sixth district described in  
12 subsection (8), or a judge of the probate court, except a judge  
13 of the probate court described in subsection (7), (9), or (10).

14           (4) "Plan 3a member" means a member or vested former member  
15 described in subsection (3) who does not convert any of the  
16 salary standardization payment under section 504 or sections 14a  
17 and 14c of former ~~Act No. 198 of the Public Acts of 1951~~ 1951  
18 PA 198.

19           (5) "Plan 3b member" means a member or vested former member  
20 described in subsection (3) who converts \$2,250.00 of the salary  
21 standardization payment under section 504(1) or section 14a of  
22 former ~~Act No. 198 of the Public Acts of 1951~~ 1951 PA 198.

23           (6) "Plan 3c member" means a member or vested former member  
24 described in subsection (3) who converts the balance of the  
25 salary standardization payment under section 504(2) OR  
26 SECTION 504A or section 14c of former ~~Act No. 198 of the Public~~  
27 ~~Acts of 1951~~ 1951 PA 198.

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1 (7) "Plan 4 member" means a member or vested former member  
2 who is or was a judge of the probate court serving in a single  
3 county of less than 15,000 population.

4 (8) "Plan 5 member" means a member or vested former member  
5 who is or was a judge of the district court in the thirty-sixth  
6 district.

7 (9) "Plan 6 member" means a member who on the day before the  
8 effective date of this act was a member or vested former member  
9 of the former probate judges retirement system, who may be a  
10 member of a county retirement plan, and who is under the 3% bene-  
11 fit formula provided by section 16(1)(a), (b), and (c) of former  
12 ~~Act No. 165 of the Public Acts of 1954~~ 1954 PA 165.

13 (10) "Plan 7 member" means a member who on the day before  
14 the effective date of this act was a member or vested former  
15 member of the former probate judges retirement system, who is not  
16 a member of a county retirement plan, and who is under the 3.5%  
17 benefit formula provided by section 16(1) of former ~~Act No. 165~~  
18 ~~of the Public Acts of 1954~~ 1954 PA 165.

19 Sec. 202. (1) The Michigan judges retirement board is cre-  
20 ated in the department. ~~Except as provided in subsection (3),~~  
21 ~~the~~ THE retirement board consists of the following 5 retirement  
22 board members:

23 (a) The state treasurer.

24 (b) The attorney general.

25 (c) ~~The deputy legislative auditor general~~ ONE JUDGE WHO  
26 IS A MEMBER OF THE RETIREMENT SYSTEM APPOINTED BY THE GOVERNOR  
27 WITH THE ADVICE AND CONSENT OF THE SENATE.

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1 (d) Two members appointed by the governor with the advice  
2 and consent of the senate.

3 (2) Except as otherwise provided in this section, the term  
4 of office of appointed retirement board members is 4 years. If a  
5 vacancy occurs in the office of an appointed retirement board  
6 member, the governor, with the advice and consent of the senate,  
7 shall appoint a retirement board member for the remainder of the  
8 unexpired term. A retirement board member shall continue to hold  
9 office after the expiration of his or her term of office until a  
10 successor is appointed and is qualified.

11 ~~(3) An appointed retirement board member serving on the~~  
12 ~~retirement board created under the former judges retirement~~  
13 ~~system or the former probate judges retirement system on the day~~  
14 ~~before the effective date of this act shall serve on the retire-~~  
15 ~~ment board under this act for the remainder of his or her term or~~  
16 ~~until the appointed retirement board member vacates his or her~~  
17 ~~seat on the retirement board, whichever occurs first. The gover-~~  
18 ~~nor shall not appoint a retirement board member to fill a vacancy~~  
19 ~~under this subsection.~~

20 (3) ~~(4)~~ The legislature shall annually establish the per  
21 diem compensation of the appointed retirement board members and  
22 the schedule for reimbursement of expenses incurred by a retire-  
23 ment board member to attend meetings of the retirement board and  
24 to perform services required by the retirement board.

25 SEC. 214A. (1) FOLLOWING THE DATE OF THE DETERMINATION  
26 DESCRIBED IN SUBSECTION (11) AND FOLLOWING THE DATE OF THE  
27 ELECTION MADE UNDER SUBSECTION (4), THE RETIREMENT SYSTEM SHALL

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1 PROVIDE POSTRETIREMENT MEDICAL BENEFITS FOR ELIGIBLE JUDGES AND  
2 THEIR HEALTH BENEFIT DEPENDENTS AND POSTDEATH MEDICAL BENEFITS  
3 FOR HEALTH BENEFIT DEPENDENTS WHO SURVIVE A DECEASED  
4 CONTRIBUTOR. MEDICAL BENEFITS SHALL BE PROVIDED FROM A SEPARATE  
5 ACCOUNT ESTABLISHED UNDER THE RETIREMENT SYSTEM PURSUANT TO  
6 SECTION 401(h) OF THE UNITED STATES INTERNAL REVENUE CODE.

7 (2) A SEPARATE ACCOUNT, DESIGNATED AS THE "MEDICAL BENEFIT  
8 ACCOUNT", SHALL BE MAINTAINED WITHIN THE RESERVE FOR HEALTH  
9 BENEFITS. THE ASSETS OF THE RETIREMENT SYSTEM IN EXCESS OF THE  
10 AMOUNTS THEN CREDITED TO THE MEDICAL BENEFIT ACCOUNT SHALL NOT BE  
11 USED FOR PROVIDING MEDICAL BENEFITS UNDER THIS SECTION. EXCEPT  
12 AS OTHERWISE PROVIDED IN THIS SECTION, THE ASSETS OF THE RETIRE-  
13 MENT SYSTEM ATTRIBUTABLE TO AMOUNTS THEN CREDITED TO THE MEDICAL  
14 BENEFIT ACCOUNT SHALL NOT BE USED OR DIVERTED FOR ANY PURPOSE  
15 OTHER THAN PROVIDING MEDICAL BENEFITS.

16 (3) A SEPARATE ACCOUNT, DESIGNATED AS THE "MEDICAL BENEFIT  
17 ADMINISTRATIVE ACCOUNT", SHALL BE MAINTAINED WITHIN THE RESERVE  
18 FOR HEALTH BENEFITS. ADMINISTRATIVE COSTS OF MAINTAINING THE  
19 MEDICAL BENEFIT ACCOUNT SHALL BE PAID OUT OF THE MEDICAL BENEFIT  
20 ADMINISTRATIVE ACCOUNT. ELIGIBLE JUDGES MAKING CONTRIBUTIONS TO  
21 THE MEDICAL BENEFIT ACCOUNT CONSENT AS A CONDITION OF PARTICIPA-  
22 TION THAT TRANSFERS MAY BE MADE FROM THE SUBACCOUNTS OF EACH CON-  
23 TRIBUTOR TO THE MEDICAL BENEFIT ADMINISTRATIVE ACCOUNT EQUAL TO  
24 NO MORE THAN 25% OF THE EARNINGS OF FUNDS ON ACCOUNT IN THEIR  
25 RESPECTIVE SUBACCOUNTS.

26 (4) UPON BECOMING A MEMBER OF TIER 1 OR A QUALIFIED  
27 PARTICIPANT IN TIER 2, AND AT SUCH OTHER TIMES AS THE DEPARTMENT

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1 SHALL PERMIT, AN ELIGIBLE JUDGE MAY ELECT TO BECOME A CONTRIBUTOR  
2 AND MAKE CONTRIBUTIONS TO THE MEDICAL BENEFIT ACCOUNT IN AN  
3 AMOUNT NOT TO EXCEED THE MAXIMUM CONTRIBUTION THEN PERMITTED  
4 UNDER SUBSECTION (5). EACH ELIGIBLE JUDGE WHO IS A MEMBER OF  
5 TIER 1 OR A QUALIFIED PARTICIPANT IN TIER 2 MAY ELECT TO MAKE  
6 CONTRIBUTIONS TO THE MEDICAL BENEFIT ACCOUNT DURING AN ELECTION  
7 PERIOD OF NOT LESS THAN 90 DAYS AS DETERMINED BY THE RETIREMENT  
8 SYSTEM. WITHIN THE MEDICAL BENEFIT ACCOUNT, THE DEPARTMENT SHALL  
9 MAINTAIN A SUBACCOUNT FOR EACH CONTRIBUTOR THAT REFLECTS ALL CON-  
10 TRIBUTIONS MADE BY OR FOR THAT CONTRIBUTOR, ADJUSTED FOR INVEST-  
11 MENT EXPERIENCE AND PAYMENT OF MEDICAL BENEFITS. THE EMPLOYER OF  
12 THE CONTRIBUTOR SHALL PICK UP THE CONTRIBUTOR'S CONTRIBUTIONS IN  
13 WHOLE OR IN PART AND MAY REQUIRE THAT ITS CONTRIBUTIONS BE  
14 DERIVED FROM A REDUCTION IN THE CONTRIBUTOR'S CASH SALARY. IF  
15 THE CONTRIBUTOR'S CONTRIBUTIONS ARE PICKED UP BY THE EMPLOYER ON  
16 A SALARY-REDUCTION BASIS, THE CONTRIBUTOR'S ELECTION SHALL BE  
17 IRREVOCABLE TO THE EXTENT REQUIRED BY SECTION 401(h) OF THE  
18 UNITED STATES INTERNAL REVENUE CODE. CONTRIBUTIONS PICKED UP  
19 UNDER THIS SUBSECTION ON A SALARY-REDUCTION BASIS ARE NOT  
20 INCLUDED AS GROSS TAXABLE INCOME OF THE CONTRIBUTOR. THE VALUE  
21 OF MEDICAL BENEFITS PROVIDED FROM A CONTRIBUTOR'S SUBACCOUNT  
22 SHALL NOT BE INCLUDED IN THE INCOME OF THE RETIRED CONTRIBUTOR OR  
23 THE CONTRIBUTOR'S HEALTH BENEFIT DEPENDENTS.

24 (5) THE BENEFITS TO BE PROVIDED FROM THE MEDICAL BENEFIT  
25 ACCOUNT, TOGETHER WITH LIFE INSURANCE, IF ANY, PROVIDED UNDER THE  
26 RETIREMENT SYSTEM, ARE INTENDED TO BE SUBORDINATE TO RETIREMENT  
27 BENEFITS UNDER THE RETIREMENT SYSTEM. ACCORDINGLY, CONTRIBUTIONS



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1 IN CALENDAR YEARS AFTER 1999 CREDITED TO A CONTRIBUTOR'S  
2 SUBACCOUNT, TOGETHER WITH CONTRIBUTIONS, IF ANY, THAT MAY BE MADE  
3 TO PROVIDE LIFE INSURANCE FOR THE CONTRIBUTOR UNDER THE RETIRE-  
4 MENT SYSTEM, SHALL NOT EXCEED AN AGGREGATE AMOUNT EQUAL TO 1/3 OF  
5 THE CONTRIBUTIONS, INCLUDING EMPLOYEE CONTRIBUTIONS, MADE FOR  
6 THOSE YEARS TO PROVIDE A RETIREMENT ALLOWANCE FOR THE CONTRIBUTOR  
7 UNDER TIER 1 OR TIER 2 OF THE RETIREMENT SYSTEM. FOR PURPOSES OF  
8 APPLYING A LIMITATION ESTABLISHED BY THIS SUBSECTION, THE RETIRE-  
9 MENT SYSTEM MAY RELY ON AN ACTUARIAL CERTIFICATION PREPARED BY  
10 THE ACTUARY, DEMONSTRATING COMPLIANCE, AND REASONABLE ACTUARIAL  
11 ASSUMPTIONS SELECTED BY THE ACTUARY SHALL APPLY FOR PURPOSES OF  
12 DETERMINING THE AGGREGATE CONTRIBUTIONS FOR RETIREMENT ALLOWANCES  
13 TO BE DETERMINED UNDER THIS SUBSECTION. THE RETIREMENT SYSTEM  
14 SHALL DETERMINE THE METHOD, TIMING, AND LIMITS APPLICABLE TO ALL  
15 CONTRIBUTORS. IN NO CASE SHALL A DETERMINATION MADE BY THE  
16 RETIREMENT SYSTEM EXCEED THE MAXIMUM PROVIDED BY THIS  
17 SUBSECTION.

18 (6) ALL PAYMENTS OR REIMBURSEMENTS OF MEDICAL BENEFITS SHALL  
19 BE CHARGED AGAINST THE BALANCE OF THE RETIRED CONTRIBUTOR'S  
20 SUBACCOUNT. PAYMENTS OR REIMBURSEMENTS SHALL NOT BE MADE AFTER  
21 THE SUBACCOUNT HAS BEEN EXHAUSTED. MEDICAL BENEFITS TO BE PRO-  
22 VIDED FROM THE MEDICAL BENEFIT ACCOUNT SHALL CONSIST OF ANY OF  
23 THE FOLLOWING AS APPLICABLE:

24 (A) PAYMENT OF PREMIUMS FOR THE RETIRED CONTRIBUTOR AND THE  
25 CONTRIBUTOR'S HEALTH BENEFIT DEPENDENTS UNDER THE STATE HEALTH  
26 PLAN, THE STATE DENTAL PLAN, AND THE STATE VISION PLAN IF THE  
27 CONTRIBUTOR AND DEPENDENTS ARE ENROLLED IN ANY OF THOSE PLANS.

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1 (B) PAYMENT OR REIMBURSEMENT OF PREMIUMS OR OTHER CHARGES  
2 FOR COVERAGE OF THE RETIRED CONTRIBUTOR AND THE CONTRIBUTOR'S  
3 HEALTH BENEFIT DEPENDENTS UNDER ANY GROUP HEALTH PLAN WITHIN THE  
4 MEANING OF SECTION 5000(b)(1) OF THE UNITED STATES INTERNAL REVE-  
5 NUE CODE.

6 (C) PAYMENT OR REIMBURSEMENT OF PREMIUMS OR OTHER CHARGES TO  
7 OBTAIN HEALTH INSURANCE COVERAGE WITHIN THE MEANING OF SECTION  
8 9832(b)(1) OF THE UNITED STATES INTERNAL REVENUE CODE FOR THE  
9 RETIRED CONTRIBUTOR AND THE CONTRIBUTOR'S HEALTH BENEFIT  
10 DEPENDENTS.

11 (D) PAYMENT OR REIMBURSEMENT OF EXPENSES PAID OR INCURRED  
12 FOR THE MEDICAL CARE, AS DEFINED IN SECTION 213(d)(1) OF THE  
13 UNITED STATES INTERNAL REVENUE CODE, OF THE RETIRED CONTRIBUTOR  
14 AND THE CONTRIBUTOR'S HEALTH BENEFIT DEPENDENTS.  
15 PAYMENT OR REIMBURSEMENT OF PREMIUMS, CHARGES, AND EXPENSES SHALL  
16 BE MADE ONLY UPON PRESENTATION OF PROPER DOCUMENTARY EVIDENCE OF  
17 AMOUNTS, DATES OF COVERAGE OR SERVICE, RECIPIENT OF COVERAGE OR  
18 SERVICE, AND SUCH OTHER INFORMATION AS THE DEPARTMENT SHALL  
19 REQUIRE.

20 (7) WHILE A CONTRIBUTOR OR RETIRED CONTRIBUTOR REMAINS  
21 ALIVE, THE DEPARTMENT SHALL COMPLY WITH THE CONTRIBUTOR'S WRITTEN  
22 DIRECTIONS IN REGARD TO THE TYPE OF MEDICAL BENEFITS TO BE PRO-  
23 VIDED UNDER THIS SUBSECTION AND THE ALLOCATION OF THE MEDICAL  
24 BENEFITS AMONG THE RETIRED CONTRIBUTOR AND THE CONTRIBUTOR'S  
25 HEALTH BENEFIT DEPENDENTS IF THE DIRECTIONS COMPLY WITH THIS SUB-  
26 SECTION AND THE REQUIREMENTS OF THE DEPARTMENT IN REGARD TO THE  
27 FORM AND CONTENT OF THE WRITTEN DIRECTIONS. THE DEPARTMENT SHALL

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1 ALSO AFFORD EACH CONTRIBUTOR THE OPPORTUNITY TO GIVE WRITTEN  
2 DIRECTIONS IN REGARD TO THE ALLOCATION OF MEDICAL BENEFITS TO AND  
3 AMONG SOME OR ALL OF THE CONTRIBUTOR'S SURVIVING HEALTH BENEFIT  
4 DEPENDENTS FOLLOWING THE CONTRIBUTOR'S DEATH AS DESIGNATED ON A  
5 BENEFICIARY FORM DEVELOPED BY THE RETIREMENT SYSTEM. UPON DEATH  
6 OF THE CONTRIBUTOR AND WHILE FUNDS REMAIN IN THE CONTRIBUTOR'S  
7 SUBACCOUNT, THE DEPARTMENT SHALL OBSERVE THE WRITTEN DIRECTIONS  
8 IN ALLOCATING MEDICAL BENEFITS AMONG THE CONTRIBUTOR'S SURVIVING  
9 HEALTH BENEFIT DEPENDENTS, WHILE GIVING THE DEPENDENTS OR THEIR  
10 LEGAL REPRESENTATIVES A REASONABLE OPPORTUNITY TO SELECT THE TYPE  
11 OF MEDICAL BENEFITS TO BE PROVIDED. IN THE ABSENCE OF VALID  
12 WRITTEN DIRECTIONS FROM THE CONTRIBUTOR IN REGARD TO THE ALLOCA-  
13 TION OF MEDICAL BENEFITS FOLLOWING THE CONTRIBUTOR'S DEATH, THE  
14 DEPARTMENT SHALL ALLOCATE FUNDS REMAINING IN THE CONTRIBUTOR'S  
15 SUBACCOUNT TO PROVIDE MEDICAL BENEFITS TO THE CONTRIBUTOR'S SUR-  
16 VIVING HEALTH BENEFIT DEPENDENTS, UNTIL ALL FUNDS HAVE BEEN  
17 EXPENDED.

18 (8) IF THERE IS A BALANCE REMAINING IN THE SUBACCOUNT OF A  
19 CONTRIBUTOR OR RETIRED CONTRIBUTOR FOLLOWING THE DEATHS OF THE  
20 CONTRIBUTOR AND ALL OF THE CONTRIBUTOR'S HEALTH BENEFIT DEPEN-  
21 DENTS, THEN THAT BALANCE SHALL BE FORFEITED AND DISTRIBUTED TO  
22 THE MEDICAL BENEFIT ADMINISTRATIVE ACCOUNT.

23 (9) AS USED IN THIS SECTION:

24 (A) "CONTRIBUTOR" MEANS AN ELIGIBLE JUDGE WHO HAS ELECTED TO  
25 MAKE CONTRIBUTIONS TO THE MEDICAL BENEFIT ACCOUNT CREATED UNDER  
26 THIS SECTION.

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1 (B) "ELIGIBLE JUDGE" MEANS A JUDGE OF THE CIRCUIT COURT, THE  
2 DISTRICT COURT, OR THE PROBATE COURT.

3 (C) "FORMER MEMBER" MEANS AN INDIVIDUAL WHO WAS A MEMBER AND  
4 WHO TERMINATES EMPLOYMENT UPON WHICH HIS OR HER MEMBERSHIP IS  
5 BASED FOR ANY REASON.

6 (D) "RETIRED CONTRIBUTOR" MEANS A CONTRIBUTOR WHO BECOMES A  
7 FORMER QUALIFIED PARTICIPANT AND ATTAINS THE BENEFIT COMMENCEMENT  
8 AGE, OR WHO BECOMES A FORMER MEMBER WHO EITHER ATTAINS AGE 60 OR  
9 MEETS THE MEMBERSHIP REQUIREMENTS FOR A RETIREMENT ALLOWANCE  
10 UNDER SECTION 501(1).

11 (10) CONTRIBUTIONS SHALL NOT BE PICKED UP BY THIS STATE PUR-  
12 SUANT TO THIS SECTION UNTIL THE DEPARTMENT RECEIVES NOTIFICATION  
13 FROM THE UNITED STATES INTERNAL REVENUE SERVICE THAT SUCH CONTRI-  
14 BUTIONS WILL NOT BE INCLUDED AS GROSS INCOME OF THE CONTRIBUTOR.

15 (11) THIS SECTION DOES NOT APPLY UNTIL THE DEPARTMENT  
16 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE  
17 SERVICE THAT THE ESTABLISHMENT OF THE MEDICAL BENEFIT ACCOUNT  
18 UNDER THIS SECTION DOES NOT CAUSE THE RETIREMENT SYSTEM TO BE  
19 DISQUALIFIED FOR TAX PURPOSES.

20 Sec. 306. (1) This state shall pick up member contributions  
21 required by section 305 for all compensation paid after  
22 December 31, 1982, for members who receive a salary paid by this  
23 state. Contributions picked up are treated as employer contribu-  
24 tions in determining tax treatment under the internal revenue  
25 code. Contributions picked up under this subsection are not  
26 included as gross taxable income of the member until disbursement  
27 from the retirement system. This state shall pay picked up

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1 member contributions from the same source of funds that is used  
2 for paying compensation to the member. This state shall pick up  
3 member contributions by either a reduction in the member's cash  
4 salary, an offset against a future salary increase, or a combina-  
5 tion of a reduction in cash salary and an offset against a future  
6 salary increase. Member contributions picked up are treated for  
7 all purposes in the same manner and to the same extent as member  
8 contributions made on or before December 31, 1982.

9       (2) The employer of a member who is a judge of the  
10 recorder's court of the city of Detroit, of the district court in  
11 the thirty-sixth district, or of the probate court, by resolution  
12 or other enabling act of the governing body, may pick up the con-  
13 tributions required by section 305 for all compensation paid  
14 after December 31, 1982, and reported to the retirement system.  
15 If the employer does not pick up the contributions, the employer  
16 shall continue to deduct the amount that could have been picked  
17 up under this subsection from the member's compensation.  
18 Contributions picked up are treated as employer contributions in  
19 determining tax treatment under the internal revenue code.  
20 Contributions picked up under this subsection are not included as  
21 gross taxable income of the member until disbursement from the  
22 retirement system. The employer shall pay member contributions  
23 picked up by the employer from the same source of funds that is  
24 used for paying compensation to the member. The employer may  
25 pick up these contributions by either a reduction in the member's  
26 cash salary, an offset against a future salary increase, or a  
27 combination of a reduction in cash salary and an offset against a

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1 future salary increase. Member contributions picked up are  
2 treated for all purposes in the same manner and to the same  
3 extent as member contributions made before the date picked up.

4 (3) THIS STATE SHALL PICK UP MEMBER CONTRIBUTIONS REQUIRED  
5 AS A RESULT OF A MEMBER'S REPAYING THE MEMBER'S PREVIOUSLY WITH-  
6 DRAWN ACCUMULATED CONTRIBUTIONS, PLUS INTEREST, PURSUANT TO  
7 SECTION 402(3)(B), OR A MEMBER'S ELECTION TO PURCHASE SERVICE  
8 CREDITS PURSUANT TO SECTION 403 OR 404. SUBSECTION (1) APPLIES  
9 WITH RESPECT TO THESE CONTRIBUTIONS. THE DEPARTMENT SHALL DETER-  
10 MINE THE MANNER IN WHICH SUCH CONTRIBUTIONS ARE PAID. THIS SUB-  
11 SECTION DOES NOT APPLY UNTIL THE DEPARTMENT RECEIVES NOTIFICATION  
12 FROM THE UNITED STATES INTERNAL REVENUE SERVICE THAT CONTRIBU-  
13 TIONS PICKED UP BY THIS STATE PURSUANT TO THIS SUBSECTION SHALL  
14 NOT BE INCLUDED AS GROSS INCOME OF THE MEMBER UNTIL THEY ARE DIS-  
15 TRIBUTED OR MADE AVAILABLE TO THE MEMBER, RETIRANT, RETIREMENT  
16 ALLOWANCE BENEFICIARY, OR REFUND BENEFICIARY.

17 Sec. 401a. (1) Notwithstanding section 401, an individual  
18 described in this subsection is not a member of the Tier 1  
19 retirement plan:

20 (a) An individual who first becomes a judge or state offi-  
21 cial on or after March 31, 1997.

22 (b) An individual who elects to terminate membership under  
23 section 701 OR 701A and who, but for that election, would other-  
24 wise be eligible for membership in Tier 1 pursuant to section  
25 401.

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1 (2) An individual who first becomes a judge or state  
2 official on or after March 31, 1997 ~~—~~ is eligible to be a  
3 qualified participant in Tier 2 subject to article VII.

4 Sec. 504. (1) Except as otherwise provided in this subsec-  
5 tion, a judge who is a plan 3 member shall convert \$2,250.00 of  
6 the state salary standardization payment annually prescribed by  
7 law for any state fiscal year beginning after September 30, 1981  
8 as an addition to the judge's state base salary for purposes of  
9 computation of a retirement allowance under this act. A judge  
10 who, within 30 days from taking office, files a written notice  
11 not to participate in the provisions of this subsection with the  
12 retirement system is exempt from this subsection. A judge who  
13 was serving on December 31, 1982 and who did not elect to convert  
14 \$2,250.00 of the state salary standardization payment under sec-  
15 tion 14a of former ~~Act No. 198 of the Public Acts of 1951,~~ 1951  
16 PA 198 is exempt from this section. For the purposes of the cal-  
17 culation of a judge's combined county, city, or district control  
18 unit retirement benefit, a judge who has not filed a written  
19 notice not to participate in the provisions of this subsection  
20 with the retirement system under this subsection or the former  
21 judges retirement system shall have the \$2,250.00 of the salary  
22 standardization payment subtracted from the final average compen-  
23 sation figure used to calculate the judge's county, city, or dis-  
24 trict control unit retirement benefit.

25 (2) Except as otherwise provided in this subsection, a judge  
26 who is a plan 3 member and who is not exempt from subsection (1)  
27 shall convert the balance of the state salary standardization

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1 payment annually prescribed by law but which, when added to  
2 \$2,250.00, does not exceed 40% of the difference between the  
3 state base salary and the maximum statutory salary established by  
4 the revised judicature act for any state fiscal year beginning  
5 after September 30, 1982 as an addition to the judge's state base  
6 salary for purposes of computation of a retirement allowance  
7 under this act. A judge who, before April 1, 1983, or within 30  
8 days from taking office, whichever is later, files a written  
9 notice not to participate in the provisions of this subsection  
10 with the retirement system is exempt from this subsection. For  
11 the purposes of the calculation of a judge's combined county,  
12 city, or district control unit retirement benefit, a judge who  
13 has not filed a written notice not to participate in the provi-  
14 sions of this subsection with the retirement system under this  
15 subsection or the former judges retirement system shall have the  
16 additional state salary standardization payment as an addition to  
17 the judge's state base salary for computation of a retirement  
18 allowance under this act subtracted from the final average com-  
19 pensation figure used to calculate the judge's county, city, or  
20 district control unit retirement benefit.

21 (3) The sum of the final compensation determined for each  
22 plan 3 member and the final average compensation figure used as  
23 the basis for determining the judge's retirement allowance as a  
24 member of a county retirement plan or a retirement system that  
25 was established pursuant to the municipal employees retirement  
26 act of 1984, ~~Act No. 427 of the Public Acts of 1984, being~~  
27 ~~sections 38.1501 to 38.1557 of the Michigan Compiled Laws 1984~~



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1 PA 427, MCL 38.1501 TO 38.1555, or ~~which~~ THAT is subject to  
2 ~~Act No. 443 of the Public Acts of 1980, being sections 38.841 to~~  
3 ~~38.846 of the Michigan Compiled Laws~~ 1980 PA 443, MCL 38.841 TO  
4 38.846, shall not exceed the judge's total annual salary payable  
5 from all sources at the time of his or her retirement.

6 (4) For purposes of subsections (1) and (2), the state base  
7 salary of a judge of the probate court who is a plan 3 member is  
8 equal to the salary paid ~~by this state to a judge of the dis-~~  
9 ~~trict court~~ PURSUANT TO SECTION 821 OF THE REVISED JUDICATURE  
10 ACT OF 1961, 1961 PA 236, MCL 600.821.

11 (5) The department or the reporting unit shall deduct the  
12 member's required contribution for participation in the provi-  
13 sions of subsections (1) and (2) AND SECTION 504A from the  
14 member's compensation and shall transfer the contributions to the  
15 retirement system.

16 SEC. 504A. (1) A JUDGE WHO IS A PLAN 3 MEMBER MAY MAKE THE  
17 ELECTION PRESCRIBED IN THIS SUBSECTION DURING THE ELECTION  
18 PERIOD. A JUDGE WHO MAKES THE ELECTION UNDER THIS SUBSECTION  
19 ELECTS TO CONVERT THE BALANCE OF THE DIFFERENCE BETWEEN THE STATE  
20 BASE SALARY AND THE MAXIMUM STATUTORY SALARY ESTABLISHED BY THE  
21 REVISED JUDICATURE ACT THAT IS NOT ALREADY CONVERTED UNDER  
22 SECTION 504. THE ELECTION IS EFFECTIVE ON THE CONVERSION DATE  
23 AND CONVERTS THE DESCRIBED BALANCE AS AN ADDITION TO THE JUDGE'S  
24 STATE BASE SALARY FOR THE PURPOSES OF COMPUTATION OF A RETIREMENT  
25 ALLOWANCE UNDER THIS ACT. THE RETIREMENT SYSTEM SHALL ACCEPT  
26 WRITTEN ELECTIONS FROM PLAN 3 MEMBERS DURING THE ELECTION  
27 PERIOD. A MEMBER WHO DOES NOT MAKE A WRITTEN ELECTION OR WHO

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1 DOES NOT FILE THE ELECTION DURING THE ELECTION PERIOD REMAINS AT  
2 THE SAME LEVEL OF STATE SALARY STANDARDIZATION PAYMENT CONVERSION  
3 PREVIOUSLY ELECTED UNDER THIS SECTION, IF ANY. A MEMBER WHO  
4 FILES A WRITTEN ELECTION DURING THE ELECTION PERIOD ALSO ELECTS  
5 TO CONVERT THE BALANCE OF THE DIFFERENCE BETWEEN THE STATE BASE  
6 SALARY AND THE MAXIMUM STATUTORY SALARY ESTABLISHED BY THE  
7 REVISED JUDICATURE ACT THAT IS NOT ALREADY CONVERTED UNDER  
8 SECTION 504 FOR ALL YEARS OF CREDITED SERVICE THROUGH [DECEMBER 31],  
9 1998. THE RETIREMENT SYSTEM SHALL DETERMINE THE METHOD BY WHICH  
10 A MEMBER SHALL MAKE A WRITTEN ELECTION UNDER THIS SUBSECTION.  
11 WITHIN 30 DAYS AFTER THE REQUEST OF A MEMBER, A REPORTING UNIT  
12 SHALL DISCLOSE TO THE MEMBER THE EFFECT AN ELECTION UNDER THIS  
13 SUBSECTION, IF MADE, WILL HAVE ON THE MEMBER'S RIGHT AS A RETIR-  
14 ANT TO HEALTH CARE BENEFITS AND ANY OTHER BENEFITS FROM THAT  
15 REPORTING UNIT. THE ELECTION PROVIDED IN THIS SUBSECTION IS NOT  
16 INTENDED TO IMPAIR A MEMBER'S RIGHT TO RECEIVE HEALTH CARE BENE-  
17 FITS OR OTHER INSURANCE BENEFITS FROM A REPORTING UNIT.

18 (2) A MEMBER WHO MAKES THE ELECTION UNDER SUBSECTION (1)  
19 SHALL MAKE A PAYMENT OF AN AMOUNT EQUAL TO THE SUM OF THE  
20 FOLLOWING:

21 (A) THE ACTUARIAL COST OF THE CONVERSION UNDER  
22 SUBSECTION (1) AS CALCULATED BY THE RETIREMENT SYSTEM, WHICH  
23 SHALL BE BASED UPON METHODS ADOPTED BY THE DEPARTMENT AND THE  
24 RETIREMENT SYSTEM'S ACTUARY IN CONSULTATION WITH THE RETIREMENT  
25 BOARD.

26 (B) THE MEMBER CONTRIBUTIONS THAT WOULD HAVE BEEN PAID FROM  
27 [JANUARY] 1, 1999 THROUGH THE CONVERSION DATE, AS IF THE MEMBER HAD

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1 MADE THE CONVERSION UNDER SUBSECTION (1) AND HAD BEEN A PLAN 3C  
2 MEMBER AS OF [JANUARY] 1, 1999.

3 (C) INTEREST ON ANY AMOUNTS DETERMINED UNDER SUBDIVISIONS  
4 (A) AND (B), FROM [JANUARY] 1, 1999 THROUGH THE CONVERSION DATE,  
BASED  
5 UPON 8% EFFECTIVE ANNUAL INTEREST, COMPOUNDED ANNUALLY.

6 (3) THE RETIREMENT SYSTEM SHALL ACCEPT AS FULL OR PARTIAL  
7 PAYMENT OF THE AMOUNT REQUIRED TO BE PAID BY A MEMBER UNDER  
8 SUBSECTION (2) AN AMOUNT DETERMINED AND TRANSFERRED BY ANY  
9 TAX-QUALIFIED PLAN OR ROLLOVER IRA, IF ANY, INCLUDING THE MUNICI-  
10 PAL EMPLOYEES RETIREMENT SYSTEM, 1984 PA 427, MCL 38.1501 TO  
11 38.1555. TRANSFER UNDER THIS SUBSECTION SHALL OCCUR ON OR BEFORE  
12 THE CONVERSION DATE, UNLESS EXTENDED BY THE DEPARTMENT FOR GOOD  
13 CAUSE AFTER RECEIPT OF THE AMOUNT THAT IS TRANSFERRED TO THE  
14 RETIREMENT SYSTEM UNDER THIS SUBSECTION, THE MEMBER SHALL PAY TO  
15 THE RETIREMENT SYSTEM UNDER THIS SUBSECTION THE BALANCE OF THE  
16 AMOUNT DUE, IF ANY, AS CALCULATED UNDER SUBSECTION (2).  
17 BEGINNING WITH THE PAY PERIOD FOLLOWING THE CONVERSION DATE, THE  
18 MEMBER SHALL PAY THE TOTAL AMOUNT DUE OR THE BALANCE DUE, AS  
19 APPROPRIATE, UNDER SUBSECTION (2) BY EQUAL PAYMENTS THROUGH  
20 DEDUCTIONS FROM COMPENSATION AS PROVIDED IN SECTION 504 OVER A  
21 PERIOD NOT TO EXCEED 100 PAY PERIODS. HOWEVER, A MEMBER WHO  
22 FILES AN APPLICATION TO RETIRE AND WHO HAS AN OUTSTANDING BALANCE  
23 DUE UNDER SUBSECTION (2) SHALL PAY THE BALANCE DUE ON OR BEFORE  
24 HIS OR HER RETIREMENT ALLOWANCE EFFECTIVE DATE. A MEMBER MAY  
25 ELECT TO HAVE THE DEDUCTIONS FROM COMPENSATION UNDER THIS SUBSEC-  
26 TION BE MADE ON A SALARY REDUCTION BASIS, WHICH DEDUCTIONS SHALL  
27 BE PICKED UP BY THE MEMBER'S EMPLOYER. CONTRIBUTIONS PICKED UP

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1 UNDER THIS SECTION ON A SALARY-REDUCTION BASIS ARE NOT INCLUDED  
2 AS GROSS TAXABLE INCOME OF THE CONTRIBUTOR.

3 (4) AS USED IN THIS SECTION:

4 (A) "CONVERSION DATE" MEANS THE FIRST PAY PERIOD FOLLOWING  
5 DECEMBER 31, 2000 OR A DATE 90 DAYS FOLLOWING THE CLOSE OF THE  
6 ELECTION PERIOD, WHICHEVER IS LATER.

7 (B) "ELECTION PERIOD" MEANS AN ELECTION PERIOD OF NOT LESS  
8 THAN 60 DAYS AS DETERMINED BY THE RETIREMENT SYSTEM FOLLOWING THE  
9 NOTIFICATION FROM THE INTERNAL REVENUE SERVICE DESCRIBED IN SUB-  
10 SECTION (5).

11 (5) THIS SECTION DOES NOT APPLY UNTIL THE DEPARTMENT  
12 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE  
13 SERVICE THAT THE CONVERSION OF THE BALANCE OF THE DIFFERENCE  
14 BETWEEN THE STATE BASE SALARY AND THE MAXIMUM STATUTORY SALARY  
15 ESTABLISHED BY THE REVISED JUDICATURE ACT UNDER THIS SECTION DOES  
16 NOT CAUSE THE RETIREMENT SYSTEM TO BE DISQUALIFIED FOR TAX  
17 PURPOSES.

18 (6) CONTRIBUTIONS SHALL NOT BE PICKED UP BY THIS STATE PUR-  
19 SUANT TO THIS SECTION UNTIL THE DEPARTMENT RECEIVES NOTIFICATION  
20 FROM THE UNITED STATES INTERNAL REVENUE SERVICE THAT SUCH CONTRI-  
21 BUTIONS WILL NOT BE INCLUDED AS GROSS INCOME OF THE MEMBER UNTIL  
22 THEY ARE DISTRIBUTED OR MADE AVAILABLE TO THE MEMBER, RETIRANT,  
23 RETIREMENT ALLOWANCE BENEFICIARY, OR REFUND BENEFICIARY.

24 Sec. 506. (1) Upon application for retirement under this  
25 act, a member or vested former member who meets the requirements  
26 of section 501 may elect to receive a retirement allowance as a  
27 straight life retirement allowance or as an optional retirement

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1 allowance under 1 of the payment options provided in this  
2 section. The member or vested former member shall file a written  
3 election with the retirement system before the effective date of  
4 the retirement allowance. If a member or vested former member  
5 fails to file a written election under this subsection, the  
6 member or vested former member is considered to have elected the  
7 straight life retirement allowance under section 503. The member  
8 or vested former member shall designate in the written election a  
9 retirement allowance beneficiary that shall be either the spouse,  
10 brother, sister, parent, or child, including an adopted child, of  
11 the member or vested former member. The amount of retirement  
12 allowance under options A and B are the actuarial equivalent of  
13 the amount of the straight life retirement allowance calculated  
14 under section 503. The options are as follows:

15 (a) Option A. The retirement system shall pay an optional  
16 retirement allowance to the retirant for life with the provision  
17 that upon the retirant's death, payment of the optional retire-  
18 ment allowance is continued throughout the lifetime of the  
19 retirement allowance beneficiary whom the member or vested former  
20 member designated in writing and filed with the retirement system  
21 at the time of election of the option.

22 (b) Option B. The retirement system shall pay an optional  
23 retirement allowance for life to the retirant with the provision  
24 that upon the retirant's death, payment of 1/2 of the optional  
25 retirement allowance is continued throughout the lifetime of the  
26 retirement allowance beneficiary whom the member or vested former

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1 member designated in writing and filed with the retirement system  
2 at the time of election of the option.

3       (2) Except as otherwise provided in this section, a retirant  
4 shall not change the election of a payment option or the designa-  
5 tion of a retirement allowance beneficiary under subsection (1)  
6 after the retirement allowance effective date. If a retirant who  
7 elected a payment option under subsection (1)(a) or (b) dies, the  
8 retirement system shall pay the optional retirement allowance to  
9 the option A beneficiary or option B beneficiary effective the  
10 first day of the month following the retirant's death. If the  
11 option A or option B beneficiary designated under this section is  
12 the surviving spouse of the deceased retirant, the surviving  
13 spouse may elect to receive a retirement allowance as provided in  
14 section 508 in lieu of the survivor portion of the optional form  
15 of payment elected by the retirant under this section.

16       (3) If the option A beneficiary or option B beneficiary pre-  
17 deceases the retirant, the retirant's benefit reverts to a  
18 straight life retirement allowance and the retirement system  
19 shall begin payment of the straight life retirement allowance to  
20 the retirant effective the first day of the month following the  
21 option A or option B beneficiary's death.

22       (4) The retirement system shall provide each member or  
23 vested former member who applies for retirement a written expla-  
24 nation of the optional forms of payment under this section before  
25 the member or vested former member retires.

26       (5) If a retirant receiving an optional retirement allowance  
27 under this section is divorced from the spouse who had been

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1 designated the option A or option B beneficiary, the retirement  
2 system shall consider the election of the optional form of pay-  
3 ment option under this section void if the judgment of divorce or  
4 award or order of the court, or an amended judgment of divorce or  
5 award or order of the court, described in section 308 and dated  
6 after June 27, 1991 provides that the election of the optional  
7 form of payment option under this section is to be considered  
8 void by the retirement system and the retirant provides a certi-  
9 fied copy of the judgment of divorce or award or order of the  
10 court, or an amended judgment of divorce or award or order of the  
11 court, to the retirement system. If the election of an optional  
12 form of payment under this section is considered void by the  
13 retirement system under this subsection, the retirant's retire-  
14 ment allowance shall revert to a straight life retirement allow-  
15 ance, including postretirement adjustments, if any, subject to an  
16 award or order of the court as described in section 308. The  
17 retirement allowance shall revert to a straight life retirement  
18 allowance under this subsection effective the first of the month  
19 after the date the retirement system receives a certified copy of  
20 the judgment of divorce or award or order of the court. This  
21 subsection does not supersede a judgment of divorce or award or  
22 order of the court in effect on June 27, 1991. This subsection  
23 does not require the retirement system to distribute or pay  
24 retirement assets on behalf of a retirant in an amount that  
25 exceeds the actuarially determined amount that would otherwise  
26 become payable if a judgment of divorce had not been rendered.

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1           (6) A MEMBER WHO CONTINUES ACTIVE EMPLOYMENT ON OR AFTER THE  
2 DATE HE OR SHE ACQUIRES 8 YEARS OF CREDITED SERVICE OR WHO  
3 BECOMES ELIGIBLE FOR A RETIREMENT ALLOWANCE AS A VESTED FORMER  
4 MEMBER UNDER SECTION 501, WHICHEVER OCCURS FIRST, MAY FILE A  
5 WRITTEN ELECTION WITH THE RETIREMENT SYSTEM TO ELECT OPTION A AS  
6 PROVIDED IN SUBSECTION (1)(A). THE MEMBER OR VESTED FORMER  
7 MEMBER SHALL NOMINATE A RETIREMENT ALLOWANCE BENEFICIARY IN THE  
8 WRITTEN ELECTION IN THE SAME MANNER AS IF THE MEMBER OR VESTED  
9 FORMER MEMBER WERE THEN RETIRING FROM SERVICE. IF THE  
10 BENEFICIARY'S DEATH OR DIVORCE FROM THE MEMBER OR VESTED FORMER  
11 MEMBER OCCURS BEFORE THE EFFECTIVE DATE OF THE MEMBER'S OR VESTED  
12 FORMER MEMBER'S RETIREMENT, THE MEMBER'S OR VESTED FORMER  
13 MEMBER'S ELECTION OF OPTION A AND NOMINATION OF RETIREMENT ALLOW-  
14 ANCE BENEFICIARY IS AUTOMATICALLY REVOKED AND THE MEMBER OR  
15 VESTED FORMER MEMBER MAY AGAIN ELECT OPTION A AND NOMINATE A  
16 RETIREMENT ALLOWANCE BENEFICIARY AT ANY TIME BEFORE THE EFFECTIVE  
17 DATE OF RETIREMENT. IF A MEMBER OR VESTED FORMER MEMBER WHO HAS  
18 MADE AN ELECTION AND NOMINATED A RETIREMENT ALLOWANCE BENEFICIARY  
19 AS PROVIDED IN THIS SUBSECTION DIES BEFORE THE EFFECTIVE DATE OF  
20 HIS OR HER RETIREMENT, THEN THE RETIREMENT ALLOWANCE BENEFICIARY  
21 SHALL RECEIVE THE RETIREMENT ALLOWANCE THAT HE OR SHE WOULD HAVE  
22 BEEN ENTITLED TO RECEIVE UNDER OPTION A IF THE MEMBER OR VESTED  
23 FORMER MEMBER HAD BEEN RETIRED ON THE DATE OF THE MEMBER'S OR  
24 VESTED FORMER MEMBER'S DEATH. EXCEPT AS OTHERWISE PROVIDED BY  
25 SUBSECTION (7), IF A MEMBER OR VESTED FORMER MEMBER WHO HAS MADE  
26 AN ELECTION UNDER THIS SUBSECTION SUBSEQUENTLY RETIRES UNDER THIS  
27 ACT, HIS OR HER ELECTION OF OPTION A TAKES EFFECT AT THE TIME OF



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1 RETIREMENT. THE MEMBER OR VESTED FORMER MEMBER, BEFORE THE  
2 EFFECTIVE DATE OF RETIREMENT, BUT NOT AFTER THE EFFECTIVE DATE OF  
3 RETIREMENT, MAY REVOKE HIS OR HER PREVIOUS ELECTION OF OPTION A  
4 AND ELECT TO RECEIVE HIS OR HER RETIREMENT ALLOWANCE AS A  
5 STRAIGHT LIFE RETIREMENT ALLOWANCE OR UNDER OPTION B AS PROVIDED  
6 FOR IN SUBSECTION (1). THIS SUBSECTION DOES NOT APPLY ON AND  
7 AFTER THE DATE THE SETTLEMENT AGREEMENT IN THE CASE OF MICHIGAN  
8 JUDGES ASSN V TREASURER OF THE STATE OF MICHIGAN, CASE  
9 NO. 98-DT-72771-CV (ED MI), BECOMES OF NO FURTHER FORCE OR  
10 EFFECT, IS RENDERED NULL AND VOID, OR IS OTHERWISE TERMINATED.

11 (7) IF A MEMBER, VESTED FORMER MEMBER, RETIRING MEMBER, OR  
12 RETIRING VESTED FORMER MEMBER IS MARRIED ON THE EFFECTIVE DATE OF  
13 THE RETIREMENT ALLOWANCE, AN ELECTION UNDER THIS SECTION, OTHER  
14 THAN AN ELECTION OF A PAYMENT OPTION UNDER SUBSECTION (1) NAMING  
15 THE SPOUSE AS RETIREMENT ALLOWANCE BENEFICIARY, SHALL NOT BE  
16 EFFECTIVE UNLESS THE ELECTION IS SIGNED BY THE SPOUSE. HOWEVER,  
17 THIS REQUIREMENT MAY BE WAIVED BY THE RETIREMENT BOARD IF THE  
18 SIGNATURE OF A SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING  
19 CIRCUMSTANCES. AS USED IN THIS SUBSECTION, "SPOUSE" MEANS THE  
20 PERSON TO WHOM THE MEMBER, VESTED FORMER MEMBER, RETIRING MEMBER,  
21 OR RETIRING VESTED FORMER MEMBER IS MARRIED ON THE EFFECTIVE DATE  
22 OF THE RETIREMENT ALLOWANCE.

23 Sec. 508. (1) If a member who has 8 or more years of cred-  
24 ited service dies while in office —, OR if a vested former  
25 member dies before retirement, ~~or if a retirant dies following~~  
26 ~~retirement,~~ the retirement system shall pay the following  
27 retirement allowance as applicable:

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1 ~~(a) To a surviving spouse, to which the deceased member,~~  
2 ~~vested former member, or retirant was married at the time of his~~  
3 ~~or her death, a retirement allowance equal to 1 of the following~~  
4 ~~amounts, as applicable:~~

5 ~~(i) For the surviving spouse of a deceased member, 1/2 the~~  
6 ~~amount of the retirement allowance computed under section 503~~  
7 ~~based upon the deceased member's final compensation and credited~~  
8 ~~service.~~

9 ~~(ii) For the surviving spouse of a deceased retirant, 1/2~~  
10 ~~the amount of the retirement allowance being paid the retirant at~~  
11 ~~time of death.~~

12 ~~(iii) For the surviving spouse of a deceased vested former~~  
13 ~~member, 1/2 the amount of the deferred vested service retirement~~  
14 ~~allowance to which the vested former member would have been enti-~~  
15 ~~pled to receive upon retirement. If the deceased vested former~~  
16 ~~member had met the service requirements of section 501(1)(d), the~~  
17 ~~surviving spouse may elect to receive a permanently reduced~~  
18 ~~retirement allowance equal to 1/2 the amount the deceased vested~~  
19 ~~former member would have received as reduced by~~  
20 ~~section 501(1)(d).~~

21 ~~(b) If the deceased member, vested former member, or retir-~~  
22 ~~ant does not leave a surviving spouse or if the surviving spouse~~  
23 ~~dies after the member's, vested former member's, or retirant's~~  
24 ~~death, to each of the member's, vested former member's, or~~  
25 ~~retirant's unmarried children under the age of 19 years a retire-~~  
26 ~~ment allowance equal to an equal share of the amount of the~~

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1 ~~retirement allowance payable to a surviving spouse under~~  
2 ~~subdivision (a).~~

3       ~~(2) The retirement system shall begin payment of a retire-~~  
4 ~~ment allowance to a surviving spouse of a deceased member or~~  
5 ~~retirant under subsection (1) on the first day of the month fol-~~  
6 ~~lowing the month in which the member or retirant dies. The~~  
7 ~~retirement system shall begin payment of a retirement allowance~~  
8 ~~to a surviving spouse of a deceased vested former member under~~  
9 ~~subsection (1) on the first day of the month following the month~~  
10 ~~in which the vested former member dies or the month in which the~~  
11 ~~vested former member could have retired under section 501, which~~  
12 ~~ever is later. The retirement system shall terminate payment of~~  
13 ~~a retirement allowance to a surviving spouse under subsection (1)~~  
14 ~~upon the surviving spouse's death.~~

15       (A) IF A MEMBER WITH 8 OR MORE YEARS OF CREDITED SERVICE  
16 DIES WHILE IN OFFICE, OR IF A VESTED FORMER MEMBER DIES BEFORE  
17 RETIREMENT, AND THE MEMBER HAS AN ELECTION OF OPTION A IN FORCE  
18 AS PROVIDED IN SECTION 506(6), THEN THE RETIREMENT ALLOWANCE BEN-  
19 EFICIARY SHALL RECEIVE THE RETIREMENT ALLOWANCE THAT HE OR SHE  
20 WOULD HAVE BEEN ENTITLED TO RECEIVE UNDER OPTION A IF THE MEMBER  
21 OR VESTED FORMER MEMBER HAD BEEN RETIRED ON THE DATE OF THE  
22 MEMBER'S OR VESTED FORMER MEMBER'S DEATH.

23       (B) IF A MEMBER WITH 8 OR MORE YEARS OF CREDITED SERVICE  
24 DIES WHILE IN OFFICE, OR IF A VESTED FORMER MEMBER DIES BEFORE  
25 RETIREMENT, AND THE MEMBER OR VESTED FORMER MEMBER DOES NOT HAVE  
26 AN ELECTION OF OPTION A IN FORCE AS PROVIDED IN SECTION 506(6),  
27 AND LEAVES A SURVIVING SPOUSE, THE SPOUSE SHALL RECEIVE A

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1 RETIREMENT ALLOWANCE COMPUTED IN THE SAME MANNER AS IF THE MEMBER  
2 HAD RETIRED EFFECTIVE THE DAY BEFORE THE DATE OF HIS OR HER  
3 DEATH, ELECTED OPTION A, AND NOMINATED THE SPOUSE AS RETIREMENT  
4 ALLOWANCE BENEFICIARY.

5 (2) IF THE DECEASED VESTED FORMER MEMBER HAD MET THE SERVICE  
6 REQUIREMENTS OF SECTION 501(1)(D), THE SURVIVING SPOUSE MAY ELECT  
7 TO RECEIVE A PERMANENTLY REDUCED RETIREMENT ALLOWANCE EQUAL TO  
8 THE AMOUNT THE DECEASED VESTED FORMER MEMBER WOULD HAVE RECEIVED  
9 AS REDUCED BY SECTION 501(1)(D).

10 (3) IF A RETIRANT DIES, THE RETIREMENT SYSTEM SHALL PAY THE  
11 FOLLOWING RETIREMENT ALLOWANCE AS APPLICABLE:

12 (A) IF THE RETIRANT ELECTED A STRAIGHT LIFE RETIREMENT  
13 ALLOWANCE UNDER SECTION 506, THE SURVIVING SPOUSE SHALL RECEIVE  
14 1/2 THE AMOUNT OF THE RETIREMENT ALLOWANCE COMPUTED UNDER  
15 SECTION 503 BASED UPON THE DECEASED MEMBER'S FINAL COMPENSATION  
16 AND CREDITED SERVICE.

17 (B) IF THE RETIRANT ELECTED AN OPTIONAL RETIREMENT ALLOWANCE  
18 UNDER SECTION 506, THE RETIREMENT ALLOWANCE BENEFICIARY SHALL  
19 RECEIVE A RETIREMENT ALLOWANCE AS PROVIDED UNDER  
20 SECTION 506(1)(A) OR (B).

21 (4) IF THE DECEASED MEMBER, VESTED FORMER MEMBER, OR RETIR-  
22 ANT DOES NOT LEAVE A SURVIVING SPOUSE OR IF THE SURVIVING SPOUSE  
23 DIES AFTER THE MEMBER'S, VESTED FORMER MEMBER'S, OR RETIRANT'S  
24 DEATH, THE RETIREMENT SYSTEM SHALL PAY TO EACH OF THE MEMBER'S,  
25 VESTED FORMER MEMBER'S, OR RETIRANT'S UNMARRIED CHILDREN UNDER  
26 THE AGE OF 19 YEARS A RETIREMENT ALLOWANCE EQUAL TO AN EQUAL

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1 SHARE OF THE AMOUNT OF THE RETIREMENT ALLOWANCE PAYABLE TO A  
2 SURVIVING SPOUSE UNDER SUBSECTION (1)(B) OR SUBSECTION (3)(A).

3 (5) THE RETIREMENT SYSTEM SHALL BEGIN PAYMENT OF A RETIRE-  
4 MENT ALLOWANCE UNDER THIS SECTION TO A SURVIVING BENEFICIARY OF A  
5 DECEASED MEMBER OR RETIRANT UNDER THIS SECTION ON THE FIRST DAY  
6 OF THE MONTH FOLLOWING THE MONTH IN WHICH THE MEMBER OR RETIRANT  
7 DIES. THE RETIREMENT SYSTEM SHALL BEGIN PAYMENT OF A RETIREMENT  
8 ALLOWANCE TO A SURVIVING BENEFICIARY OF A DECEASED VESTED FORMER  
9 MEMBER ON THE FIRST DAY OF THE MONTH FOLLOWING THE MONTH IN WHICH  
10 THE VESTED FORMER MEMBER OTHERWISE WOULD HAVE BEEN ELIGIBLE TO  
11 BEGIN RECEIVING BENEFITS UNDER SECTION 501. THE RETIREMENT  
12 SYSTEM SHALL TERMINATE PAYMENT OF A RETIREMENT ALLOWANCE TO A  
13 SURVIVING BENEFICIARY UPON THE SURVIVING BENEFICIARY'S DEATH.

14 (6) ~~(3)~~ The retirement system shall begin payment of a  
15 retirement allowance to a child of a deceased member or retirant  
16 under ~~subsection (1)~~ THIS SECTION on the first day of the month  
17 following the month in which the member or retirant dies without  
18 a surviving spouse or the first day of the month following the  
19 month in which the surviving spouse dies, whichever is later.  
20 The retirement system shall begin payment of a retirement allow-  
21 ance to a child of a deceased vested former member under  
22 ~~subsection (1)~~ THIS SECTION on the first day of the month fol-  
23 lowing the month in which the vested former member dies, the  
24 first day of the month following the month in which the vested  
25 former member could have retired under section 501 if there is no  
26 surviving spouse, or the first day of the month following the  
27 month in which the surviving spouse of the vested former member

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1 dies, whichever is later. The retirement system shall terminate  
2 payment of a retirement allowance to a child upon his or her  
3 adoption, marriage, becoming 19 years old, or death, whichever  
4 occurs first. However, the retirement ~~board may~~ SYSTEM SHALL  
5 continue ~~paying the~~ PAYMENT OF A retirement allowance to a  
6 child who is attending school full-time during the period of  
7 full-time school attendance, but in no case beyond the child  
8 becoming ~~22~~ 25 years old. Upon termination of a child's  
9 retirement allowance under this subsection, the retirement system  
10 shall divide that portion of the retirement allowance into equal  
11 shares and add it to the retirement allowance being paid to the  
12 remaining eligible children, if any, effective the first day of  
13 the month following termination of payment to the ineligible  
14 child.

15       (7) ~~-(4)-~~ The retirement system shall not pay a retirement  
16 allowance under this section if an optional retirement allowance  
17 is being paid or will become payable to an option A beneficiary  
18 or option B beneficiary under section 506 or if a refund of accu-  
19 mulated contributions is paid under section 405.

20       (8) ~~-(5)-~~ The surviving spouse of a deceased member may  
21 elect a refund of accumulated contributions in lieu of a retire-  
22 ment allowance under this section. The surviving spouse of a  
23 deceased retirant may elect to be paid a retirement allowance  
24 under this section in lieu of the survivor portion of the  
25 optional form of payment elected by the retirant under  
26 section 506.

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1           Sec. 701. (1) The retirement system shall provide an  
2 opportunity for each member who is a member on March 30, 1997, to  
3 elect in writing to terminate membership in Tier 1 and elect to  
4 become a qualified participant in Tier 2. An election made by a  
5 member under this subsection is irrevocable IF THE ELECTION HAS  
6 TAKEN EFFECT AND A TRANSFER HAS OCCURRED UNDER SECTION 702. The  
7 retirement system shall accept written elections under this sub-  
8 section from members during the period beginning on January 2,  
9 1998 and ending on May 31, 1998. A member who does not make a  
10 written election or who does not file the election during the  
11 period specified in this subsection continues to be a member of  
12 Tier 1. A member who makes and files a written election under  
13 this subsection elects to do all of the following:

14           (a) Cease to be a member of Tier 1 effective 12 midnight  
15 June 30, 1998.

16           (b) Become a qualified participant in Tier 2 effective 12:01  
17 a.m., July 1, 1998.

18           (c) Except as otherwise provided in this subdivision, waive  
19 all of his or her rights to a pension, an annuity, a retirement  
20 allowance, an insurance benefit, or any other benefit under Tier  
21 1 effective 12 midnight June 30, 1998. This subdivision does not  
22 affect a person's right to health benefits provided under this  
23 act pursuant to section 719.

24           (2) If an individual who was a vested former member on March  
25 30, 1997, or an individual who was a former nonvested member on  
26 March 30, 1997 becomes a judge or state official and is again  
27 eligible for membership in Tier 1, the individual shall elect in

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

16 ~~A~~ SUBJECT TO SECTION 701B, A vested former member or former  
17 nonvested member who makes and files a written election to termi-  
18 nate membership in Tier 1 elects to do all of the following:

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

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

25 (c) Except as otherwise provided in this subdivision, waive  
26 all of his or her rights to a pension, an annuity, a retirement  
27 allowance, an insurance benefit, or any other benefit under Tier



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1 1 effective 12 midnight on the last day of the payroll period  
2 that includes the date of the election. This subdivision does  
3 not affect an individual's right to health benefits provided  
4 under this act pursuant to section 719.

5 (D) WAIVE THE CALCULATION OF ANY ACTUARIAL PRESENT VALUE  
6 BASED UPON ANY SALARY INCREASES THAT OCCUR AFTER DECEMBER 31,  
7 1998.

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

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

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

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Sub. S.B. 605 (S-1) as amended December 7, 1999

34

1 (6) A JUDGE OF THE CIRCUIT COURT, PROBATE COURT, OR DISTRICT  
2 COURT WHO WAS A MEMBER ON MARCH 30, 1997 AND WHO EITHER MADE AN  
3 ELECTION UNDER THIS SECTION BUT WAS NOT ABLE TO HAVE THE ELECTION  
4 IMPLEMENTED DUE TO THE RESTRAINING ORDER ENTERED IN MICHIGAN  
5 JUDGES ASSN V TREASURER OF THE STATE OF MICHIGAN, CASE  
6 NO. 98-DT-72771-CV (ED MI) AND HAS RETIRED ON OR AFTER JUNE 30,  
7 1998 AND BEFORE THE OPENING OF THE ELECTION WINDOW DESCRIBED IN  
8 SECTION 701A(2), OR WHO RETIRED BEFORE JUNE 30, 1998 MAY MAKE AN  
9 ELECTION IN THE MANNER AND UNDER THE CONDITIONS PRESCRIBED IN THE  
10 STIPULATED ORDER REGARDING TEMPORARY RESTRAINING ORDER IN  
11 MICHIGAN JUDGES ASSN V TREASURER OF THE STATE OF MICHIGAN, CASE  
12 NO. 98-DT-72771-CV (ED MI), ENTERED ON FEBRUARY 18, 1999.  
13 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION TO THE CON-  
14 TRARY, THE DEPARTMENT AND THE TIER 2 PLAN ADMINISTRATOR SHALL  
15 DETERMINE THE METHOD BY WHICH THIS SUBSECTION IS IMPLEMENTED.

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26 SEC. 701A. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION  
27 (3), THE RETIREMENT SYSTEM SHALL PROVIDE AN OPPORTUNITY FOR EACH

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1 JUDGE OF THE CIRCUIT COURT, PROBATE COURT, OR DISTRICT COURT WHO  
2 WAS A MEMBER ON MARCH 30, 1997 TO ELECT IN WRITING TO TERMINATE  
3 MEMBERSHIP IN TIER 1 AND ELECT TO BECOME A QUALIFIED PARTICIPANT  
4 IN TIER 2. THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL WHO WAS  
5 A MEMBER ON MARCH 30, 1997 AND WHOSE ELECTION TO TERMINATE MEM-  
6 BERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2  
7 UNDER SECTION 701 HAS ALREADY TAKEN EFFECT AND THE TRANSFER HAS  
8 OCCURRED. AN ELECTION MADE BY A MEMBER UNDER THIS SUBSECTION IS  
9 IRREVOCABLE. THE RETIREMENT SYSTEM SHALL ACCEPT WRITTEN ELEC-  
10 TIONS UNDER THIS SUBSECTION FROM MEMBERS DURING THE PERIOD PRE-  
11 SCRIBED BY THE TIER 2 PLAN ADMINISTRATOR UNDER SUBSECTION (2). A  
12 MEMBER WHO DOES NOT MAKE A WRITTEN ELECTION OR WHO DOES NOT FILE  
13 THE ELECTION DURING THE PERIOD SPECIFIED IN SUBSECTION (2) CON-  
14 TINUES TO BE A MEMBER OF TIER 1. SUBJECT TO SECTION 701B, A  
15 MEMBER WHO MAKES AND FILES A WRITTEN ELECTION UNDER THIS SUBSEC-  
16 TION ELECTS TO DO ALL OF THE FOLLOWING:

17 (A) CEASE TO BE A MEMBER OF TIER 1 EFFECTIVE 12 MIDNIGHT  
18 JUNE 30, 1998 [OR DECEMBER 31, 1998, AS SPECIFIED IN THE WRITTEN  
ELECTION].

19 (B) BECOME A QUALIFIED PARTICIPANT IN TIER 2 EFFECTIVE 12:01  
20 A.M., JULY 1, 1998 [OR JANUARY 1, 1999, AS APPROPRIATE PURSUANT TO  
THE DATE SPECIFIED BY THE MEMBER UNDER SUBDIVISION (A)].

21 (C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, WAIVE  
22 ALL OF HIS OR HER RIGHTS TO A PENSION, AN ANNUITY, A RETIREMENT  
23 ALLOWANCE, AN INSURANCE BENEFIT, OR ANY OTHER BENEFIT UNDER TIER  
24 1 EFFECTIVE 12 MIDNIGHT ON [THE DATE SPECIFIED BY THE MEMBER UNDER  
SUBDIVISION (A)]. THIS SUBDIVISION DOES

25 NOT AFFECT A PERSON'S RIGHT TO HEALTH BENEFITS PROVIDED UNDER  
26 THIS ACT PURSUANT TO SECTION 719.

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1 (D) WAIVE THE CALCULATION OF ANY ACTUARIAL PRESENT VALUE  
2 BASED UPON ANY SALARY INCREASES THAT OCCUR AFTER DECEMBER 31,  
3 1998.

4 (2) THE TIER 2 PLAN ADMINISTRATOR SHALL ESTABLISH A 60-DAY  
5 WINDOW FOR THE MEMBERS DESCRIBED IN SUBSECTIONS (1) AND (3) TO  
6 MAKE THE ELECTION DESCRIBED IN SUBSECTION (1) OR (3). THE TIER 2  
7 PLAN ADMINISTRATOR SHALL ESTABLISH THE 60-DAY WINDOW AS SOON AS  
8 POSSIBLE AFTER CONFIRMATION FROM THE OFFICE OF RETIREMENT SERV-  
9 ICES THAT ALL NECESSARY NOTIFICATIONS AND CALCULATIONS OF ACTUAR-  
10 IAL PRESENT VALUES HAVE BEEN MADE, BUT NOT LATER THAN JUNE 1,  
11 2000.

12 (3) THIS SUBSECTION APPLIES TO A JUDGE OF THE CIRCUIT COURT,  
13 PROBATE COURT, OR DISTRICT COURT WHO WAS A VESTED MEMBER OF TIER  
14 1 ON MARCH 30, 1997 AND WHO TERMINATES THE EMPLOYMENT UPON WHICH  
15 THAT MEMBERSHIP IS BASED AFTER MARCH 30, 1997 BUT BEFORE THE  
16 OPENING DAY OF THE 60-DAY WINDOW DESCRIBED IN SUBSECTION (2). AN  
17 INDIVIDUAL DESCRIBED IN THIS SUBSECTION MAY ELECT IN WRITING TO  
18 TERMINATE MEMBERSHIP IN TIER 1 AND ELECT TO RECEIVE A DISTRIBU-  
19 TION FROM TIER 1. AN ELECTION MADE BY A MEMBER UNDER THIS SUB-  
20 SECTION IS IRREVOCABLE. THE RETIREMENT SYSTEM SHALL ACCEPT WRIT-  
21 TEN ELECTIONS UNDER THIS SUBSECTION FROM A MEMBER DURING THE  
22 60-DAY WINDOW PERIOD. A MEMBER DESCRIBED IN THIS SUBSECTION WHO  
23 DOES NOT MAKE A WRITTEN ELECTION OR WHO DOES NOT FILE THE ELEC-  
24 TION DURING THE PERIOD SPECIFIED IN SUBSECTION (2) CONTINUES TO  
25 BE A MEMBER OR VESTED FORMER MEMBER OF TIER 1. A MEMBER WHO  
26 MAKES AND FILES A WRITTEN ELECTION UNDER THIS SUBSECTION TO

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1 TERMINATE MEMBERSHIP IN TIER 1 ELECTS TO DO ALL OF THE  
2 FOLLOWING:

3 (A) CEASE TO BE A MEMBER OF TIER 1 EFFECTIVE 12 MIDNIGHT ON  
4 THE DAY IMMEDIATELY PRECEDING THE DATE OF THE TERMINATION OF  
5 EMPLOYMENT.

6 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, WAIVE  
7 ALL OF HIS OR HER RIGHTS TO A PENSION, AN ANNUITY, A RETIREMENT  
8 ALLOWANCE, AN INSURANCE BENEFIT, OR ANY OTHER BENEFIT UNDER TIER  
9 1 EFFECTIVE 12 MIDNIGHT ON THE DATE DESCRIBED IN SUBDIVISION  
10 (A). THIS SUBDIVISION DOES NOT AFFECT AN INDIVIDUAL'S RIGHT TO  
11 HEALTH BENEFITS PROVIDED UNDER THIS ACT PURSUANT TO SECTION 509.

12 (C) WAIVE THE CALCULATION OF ANY ACTUARIAL PRESENT VALUE  
13 BASED UPON ANY SALARY INCREASES THAT OCCUR AFTER DECEMBER 31,  
14 1998.

15 (4) AFTER CONSULTATION WITH THE RETIREMENT SYSTEM'S ACTUARY  
16 AND THE RETIREMENT BOARD, THE DEPARTMENT OF MANAGEMENT AND BUDGET  
17 SHALL DETERMINE THE METHOD BY WHICH A MEMBER, VESTED FORMER  
18 MEMBER, OR FORMER NONVESTED MEMBER SHALL MAKE A WRITTEN ELECTION  
19 UNDER THIS SECTION. IF THE MEMBER, VESTED FORMER MEMBER, OR  
20 FORMER NONVESTED MEMBER IS MARRIED AT THE TIME OF THE ELECTION,  
21 THE ELECTION IS NOT EFFECTIVE UNLESS THE ELECTION IS SIGNED BY  
22 THE INDIVIDUAL'S SPOUSE. HOWEVER, THE RETIREMENT BOARD MAY WAIVE  
23 THIS REQUIREMENT IF THE SPOUSE'S SIGNATURE CANNOT BE OBTAINED  
24 BECAUSE OF EXTENUATING CIRCUMSTANCES.

25 (5) AN ELECTION UNDER THIS SECTION IS SUBJECT TO THE ELIGI-  
26 BLE DOMESTIC RELATIONS ORDER ACT, 1991 PA 46, MCL 38.1701 TO  
27 38.1711.

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1           (6) IF THE DEPARTMENT OF MANAGEMENT AND BUDGET RECEIVES  
2 NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE SERVICE THAT  
3 THIS SECTION OR ANY PORTION OF THIS SECTION WILL CAUSE THE  
4 RETIREMENT SYSTEM TO BE DISQUALIFIED FOR TAX PURPOSES UNDER THE  
5 INTERNAL REVENUE CODE, THEN THE PORTION THAT WILL CAUSE THE DIS-  
6 QUALIFICATION DOES NOT APPLY.

7           SEC. 701B. (1) A MEMBER WHO MAKES AND FILES A WRITTEN ELEC-  
8 TION UNDER SECTION 701A(1) OR AN INDIVIDUAL WHO MAKES AND FILES A  
9 WRITTEN ELECTION UNDER SECTION 701(2) SHALL AT THE TIME OF THAT  
10 ELECTION ALSO MAKE AN ELECTION TO DO 1 OF THE FOLLOWING:

11           (A) TO HAVE 100% OF HIS OR HER SALARY THAT IS PAID BOTH  
12 DIRECTLY AND INDIRECTLY BY THIS STATE FOR THE POSITION HE OR SHE  
13 HOLDS BE CONSIDERED HIS OR HER SALARY IN TIER 2.

14           (B) TO HAVE THE PORTION OF HIS OR HER SALARY THAT IS CONSID-  
15 ERED COMPENSATION UNDER TIER 1 ON THE DAY BEFORE HIS OR HER ELEC-  
16 TION CONTINUE TO BE THE PORTION THAT IS CONSIDERED HIS OR HER  
17 SALARY IN TIER 2.

18           (2) A MEMBER OR INDIVIDUAL WHO DOES NOT MAKE THE ELECTION  
19 DESCRIBED IN SUBSECTION (1) AT THE TIME HE OR SHE MAKES THE ELEC-  
20 TION UNDER SECTION 701A(1) OR 701(2) IS CONSIDERED TO HAVE MADE  
21 THE ELECTION DESCRIBED IN SUBSECTION (1)(B). AN ELECTION MADE BY  
22 A MEMBER OR INDIVIDUAL UNDER THIS SECTION IS IRREVOCABLE.

23           (3) UPON THE REQUEST OF A MEMBER, A REPORTING UNIT SHALL  
24 DISCLOSE TO THE MEMBER THE EFFECT AN ELECTION UNDER THIS SECTION,  
25 IF MADE, WILL HAVE ON THE MEMBER'S RIGHT AS A RETIRANT TO HEALTH  
26 CARE BENEFITS FROM THAT REPORTING UNIT.

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1           (4) THIS SECTION SHALL NOT APPLY UNTIL THE DEPARTMENT OF  
2 MANAGEMENT AND BUDGET RECEIVES NOTIFICATION FROM THE UNITED  
3 STATES INTERNAL REVENUE SERVICE THAT THE SALARY ELECTION UNDER  
4 THIS SECTION IS ACCEPTABLE.

5           SEC. 702A. (1) FOR A MEMBER WHO ELECTS TO TERMINATE MEMBER-  
6 SHIP IN TIER 1 UNDER SECTION 701A(1), THE RETIREMENT SYSTEM SHALL  
7 DIRECT THE STATE TREASURER TO TRANSFER A LUMP SUM AMOUNT FROM THE  
8 APPROPRIATE FUND CREATED UNDER THIS ACT TO THE QUALIFIED  
9 PARTICIPANT'S ACCOUNT IN TIER 2 ON OR BEFORE THE EXPIRATION OF 5  
10 MONTHS AFTER THE WINDOW PRESCRIBED IN SECTION 701A(2) IS CLOSED.  
11 THE RETIREMENT SYSTEM SHALL CALCULATE THE AMOUNT TO BE TRANS-  
12 FERRED, WHICH SHALL BE EQUAL TO THE SUM OF THE FOLLOWING:

13           (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, FROM THE  
14 RESERVE FOR MEMBER CONTRIBUTIONS.

15           (B) FOR A MEMBER WHO IS VESTED UNDER SECTION 501(1) AS OF 12  
16 MIDNIGHT ON THE TERMINATION DATE, THE EXCESS, IF ANY, OF THE  
17 ACTUARIAL PRESENT VALUE OF THE MEMBER'S ACCUMULATED BENEFIT OBLI-  
18 GATION, OVER THE AMOUNT SPECIFIED IN SUBDIVISION (A), FROM THE  
19 RESERVE FOR EMPLOYER CONTRIBUTIONS. EXCEPT AS PROVIDED IN SUB-  
20 SECTION (4), FOR THE PURPOSES OF THIS SUBSECTION THE PRESENT  
21 VALUE OF THE MEMBER'S ACCUMULATED BENEFIT OBLIGATION IS BASED  
22 UPON THE MEMBER'S ACTUAL CREDITED SERVICE AND ACTUAL FINAL SALARY  
23 AS OF 12 MIDNIGHT ON THE TERMINATION DATE. THE ACTUARIAL PRESENT  
24 VALUE SHALL BE COMPUTED AS OF 12 MIDNIGHT ON THE TERMINATION DATE  
25 AND SHALL BE BASED ON THE FOLLOWING:

26           (i) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST, COMPOUNDED  
27 ANNUALLY.

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1           (ii) A 50% MALE AND 50% FEMALE GENDER NEUTRAL BLEND OF THE  
2 MORTALITY TABLES USED TO PROJECT RETIRANT LONGEVITY IN THE MOST  
3 RECENT ACTUARIAL VALUATION REPORT.

4           (iii) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S  
5 CREDITED SERVICE AS OF 12 MIDNIGHT ON THE TERMINATION DATE. THE  
6 BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGER OF THE FOLLOWING,  
7 BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF 12 MIDNIGHT  
8 ON THE TERMINATION DATE:

9           (A) AGE 60.

10          (B) AGE 55, IF THE MEMBER'S CREDITED SERVICE EQUALS OR  
11 EXCEEDS 18 YEARS.

12          (C) THE MEMBER'S AGE, IF THE MEMBER'S CREDITED SERVICE  
13 EQUALS OR EXCEEDS 25 YEARS.

14          (C) INTEREST ON ANY AMOUNTS DETERMINED IN SUBDIVISIONS (A)  
15 AND (B), FROM THE PARTICIPATION DATE TO THE DATE OF THE TRANSFER,  
16 BASED UPON 8% ANNUAL INTEREST, COMPOUNDED ANNUALLY.

17          (2) AS USED IN THIS SECTION:

18          (A) "PARTICIPATION DATE" MEANS THE DATE THE INDIVIDUAL  
19 BECOMES A QUALIFIED PARTICIPANT IN TIER 2 AS DETERMINED UNDER  
20 SECTION 701A(1)(B).

21          (B) "TERMINATION DATE" MEANS THE DATE THE INDIVIDUAL CEASES  
22 TO BE A MEMBER OF TIER 1 AS SPECIFIED UNDER SECTION 701A(1)(A).

23          (3) FOR A MEMBER WHO ELECTS TO TERMINATE MEMBERSHIP IN THIS  
24 RETIREMENT SYSTEM UNDER SECTION 701A(3), THE RETIREMENT SYSTEM  
25 SHALL DIRECT THE STATE TREASURER TO TRANSFER A LUMP SUM AMOUNT  
26 FROM THE APPROPRIATE FUND CREATED UNDER THIS ACT TO THE FORMER  
27 QUALIFIED PARTICIPANT'S ACCOUNT IN TIER 2 ON OR BEFORE THE DATE



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1 PRESCRIBED IN SUBSECTION (1) FOR TRANSFERS UNDER THAT  
2 SUBSECTION. THE RETIREMENT SYSTEM SHALL CALCULATE THE AMOUNT TO  
3 BE TRANSFERRED, WHICH SHALL BE EQUAL TO THE SUM OF THE  
4 FOLLOWING:

5 (A) THE MEMBER'S ACCUMULATED CONTRIBUTIONS, IF ANY, FROM THE  
6 RESERVE FOR MEMBER CONTRIBUTIONS AS OF 12 MIDNIGHT ON THE DAY  
7 IMMEDIATELY PRECEDING THE DATE OF THE TERMINATION OF EMPLOYMENT.

8 (B) THE EXCESS, IF ANY, OF THE ACTUARIAL PRESENT VALUE OF  
9 THE MEMBER'S ACCUMULATED BENEFIT OBLIGATION, OVER THE AMOUNT  
10 SPECIFIED IN SUBDIVISION (A), FROM THE RESERVE FOR EMPLOYER  
11 CONTRIBUTIONS. EXCEPT AS PROVIDED IN SUBSECTION (4), FOR THE  
12 PURPOSES OF THIS SUBSECTION THE PRESENT VALUE OF THE MEMBER'S  
13 ACCUMULATED BENEFIT OBLIGATION IS BASED UPON THE MEMBER'S ACTUAL  
14 CREDITED SERVICE AND ACTUAL FINAL SALARY AS OF 12 MIDNIGHT ON THE  
15 DAY IMMEDIATELY PRECEDING THE DATE OF THE TERMINATION OF  
16 EMPLOYMENT. THE ACTUARIAL PRESENT VALUE SHALL BE COMPUTED AS OF  
17 12 MIDNIGHT ON THAT DATE AND SHALL BE BASED ON THE FOLLOWING:

18 (i) EIGHT PERCENT EFFECTIVE ANNUAL INTEREST, COMPOUNDED  
19 ANNUALLY.

20 (ii) A 50% MALE AND 50% FEMALE GENDER NEUTRAL BLEND OF THE  
21 MORTALITY TABLES USED TO PROJECT RETIRANT LONGEVITY IN THE MOST  
22 RECENT ANNUAL ACTUARIAL VALUATION REPORT.

23 (iii) A BENEFIT COMMENCEMENT AGE, BASED UPON THE MEMBER'S  
24 ESTIMATED CREDITED SERVICE AS OF 12 MIDNIGHT ON THE DAY IMMEDI-  
25 ATELY PRECEDING THE DATE OF THE TERMINATION OF EMPLOYMENT. THE  
26 BENEFIT COMMENCEMENT AGE SHALL BE THE YOUNGER OF THE FOLLOWING,  
27 BUT SHALL NOT BE YOUNGER THAN THE MEMBER'S AGE AS OF 12 MIDNIGHT

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1 ON THE DAY IMMEDIATELY PRECEDING THE DATE OF THE TERMINATION OF  
2 EMPLOYMENT:

3 (A) AGE 60.

4 (B) AGE 55, IF THE MEMBER'S CREDITED SERVICE EQUALS OR  
5 EXCEEDS 18 YEARS.

6 (C) THE AGE OF THE MEMBER IF THE MEMBER'S CREDITED SERVICE  
7 EQUALS OR EXCEEDS 25 YEARS.

8 (C) INTEREST ON ANY AMOUNTS DETERMINED IN SUBDIVISIONS (A)  
9 AND (B), FROM THE DAY IMMEDIATELY FOLLOWING THE DATE DESCRIBED IN  
10 SUBDIVISION (A) TO THE DATE OF THE TRANSFER, BASED UPON 8% EFFEC-  
11 TIVE ANNUAL INTEREST, COMPOUNDED ANNUALLY.

12 (4) FOR THE PURPOSES OF SUBSECTIONS (1) AND (3), THE CALCU-  
13 LATION OF ACTUAL PRESENT VALUE OF THE MEMBER'S OR VESTED FORMER  
14 MEMBER'S ACCUMULATED BENEFIT OBLIGATION SHALL BE BASED UPON  
15 METHODS ADOPTED BY THE DEPARTMENT AND THE RETIREMENT SYSTEM'S  
16 ACTUARY IN CONSULTATION WITH THE RETIREMENT BOARD, AND ACTUAL  
17 FINAL SALARY SHALL BE DETERMINED AS PROVIDED IN SECTION 105(4),  
18 AS OF 12 MIDNIGHT ON THE DATE THE MEMBER CEASES TO BE A MEMBER OF  
19 TIER 1 UNDER SECTION 701A.

20 (5) IF THE DEPARTMENT OF MANAGEMENT AND BUDGET RECEIVES  
21 NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE SERVICE THAT  
22 THIS SECTION OR ANY PORTION OF THIS SECTION WILL CAUSE THE  
23 RETIREMENT SYSTEM TO BE DISQUALIFIED FOR TAX PURPOSES UNDER THE  
24 INTERNAL REVENUE CODE, THEN THE PORTION THAT WILL CAUSE THE DIS-  
25 QUALIFICATION DOES NOT APPLY.

26 Sec. 705. (1) "Employer" means ~~the qualified participant's~~  
27 ~~reporting unit~~ THIS STATE.

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1 (2) "Former qualified participant" means an individual who  
2 was a qualified participant and who terminates the employment  
3 upon which his or her participation is based for any reason.

4 (3) "Health benefit dependent" means the qualified or former  
5 qualified participant's spouse, if any, and an unmarried child  
6 who is considered a dependent of the qualified or former quali-  
7 fied participant under section 152 of the internal revenue code,  
8 if any.

9 Sec. 706. (1) "Qualified participant" means an individual  
10 who is a participant of Tier 2 and who meets 1 of the following  
11 requirements:

12 (a) An individual who first becomes a judge or state offi-  
13 cial on or after March 31, 1997, and who before March 31, 1997  
14 would have been eligible to be a member of Tier 1.

15 (b) An individual who elects to terminate membership in Tier  
16 1 and who elects to participate in Tier 2 in the manner pre-  
17 scribed in section 701 OR 701A.

18 (2) "Refund beneficiary" means an individual nominated by a  
19 qualified participant or a former qualified participant under  
20 section 717 to receive a distribution of the participant's accu-  
21 mulated balance in the manner prescribed in section 718.

22 (3) "SALARY" MEANS 1 OF THE FOLLOWING:

23 (A) FOR AN INDIVIDUAL DESCRIBED IN SUBSECTION (1)(A), 100%  
24 OF HIS OR HER SALARY THAT IS PAID BOTH DIRECTLY AND INDIRECTLY BY  
25 THIS STATE FOR THE POSITION HE OR SHE HOLDS.

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1 (B) FOR AN INDIVIDUAL DESCRIBED IN SUBSECTION (1)(B), THE  
2 SALARY THAT HE OR SHE ELECTS OR IS CONSIDERED TO HAVE ELECTED  
3 UNDER SECTION 701B.

4 (4) ~~(3)~~ "State treasurer" means the treasurer of this  
5 state.

6 Sec. 711. (1) A qualified participant shall not participate  
7 in any other public sector retirement benefits plan for simulta-  
8 neous service rendered to the same public sector employer. THIS  
9 SUBSECTION DOES NOT APPLY TO A QUALIFIED PARTICIPANT WHO MAKES  
10 THE ELECTION UNDER SECTION 701B(1)(B) FOR THAT PORTION OF HIS OR  
11 HER COMPENSATION THAT IS NOT CONSIDERED SALARY FOR THE PURPOSES  
12 OF TIER 2. Except as otherwise provided in this act, ~~or by the~~  
13 ~~state treasurer,~~ this section does not ~~prohibit~~ DO ANY OF THE  
14 FOLLOWING:

15 (A) PROHIBIT a qualified participant from participating in a  
16 retirement plan established UNDER THE INTERNAL REVENUE CODE by  
17 this state or other public sector employer. ~~under the internal~~  
18 ~~revenue code.~~

19 (B) IMPAIR ANY VESTED RIGHT TO A RETIREMENT BENEFIT, BASED  
20 UPON SERVICE AS A JUDGE, ACCRUED UNDER SUCH A PLAN AS OF THE DAY  
21 BEFORE HE OR SHE BECOMES A QUALIFIED PARTICIPANT IN TIER 2.

22 (C) IMPAIR A QUALIFIED PARTICIPANT'S RIGHT TO RECEIVE HEALTH  
23 CARE BENEFITS OR OTHER INSURANCE BENEFITS FROM A REPORTING UNIT.

24 (2) A QUALIFIED PARTICIPANT CONSENTS AS A CONDITION OF PAR-  
25 TICIPATION IN TIER 2 THAT HE OR SHE SHALL NOT RECEIVE A RETIRE-  
26 MENT ALLOWANCE OR OTHER BENEFIT FROM ANY OTHER PUBLIC SECTOR  
27 RETIREMENT BENEFITS PLAN WHILE HOLDING THE POSITION THAT

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1 QUALIFIES HIM OR HER FOR PARTICIPATION IN TIER 2 AND THE OTHER  
2 PLAN. A QUALIFIED PARTICIPANT WHO RECEIVES A RETIREMENT ALLOW-  
3 ANCE IN VIOLATION OF THIS SUBSECTION FORFEITS HIS OR HER RIGHT TO  
4 EMPLOYER CONTRIBUTIONS UNDER SECTION 714. THE EMPLOYER OF A  
5 QUALIFIED PARTICIPANT WHO VIOLATES THIS SUBSECTION SHALL IMMEDI-  
6 ATELY SUSPEND EMPLOYER CONTRIBUTIONS UNDER SECTION 714. A QUALI-  
7 FIED PARTICIPANT WHO IS A CONTRIBUTING MEMBER IN A LOCAL PUBLIC  
8 SECTOR RETIREMENT BENEFITS PLAN ON THE DAY BEFORE HE OR SHE  
9 BECOMES A QUALIFIED PARTICIPANT IN TIER 2 AND WHO DOES NOT HAVE A  
10 VESTED RIGHT TO A RETIREMENT BENEFIT UNDER THAT PLAN ON THAT DATE  
11 MAY WITHDRAW THE CONTRIBUTIONS MADE BY THAT PARTICIPANT TO THE  
12 LOCAL PLAN WITHOUT VIOLATING THIS SUBSECTION. THIS SUBSECTION  
13 DOES NOT APPLY TO A FORMER QUALIFIED PARTICIPANT.

14 (3) WITHIN 30 DAYS AFTER THE REQUEST OF A QUALIFIED PARTICI-  
15 PANT, A REPORTING UNIT SHALL DISCLOSE TO THE QUALIFIED PARTICI-  
16 PANT THE EFFECT THIS SECTION OR AN ELECTION UNDER SECTION 701 OR  
17 701A, IF MADE, WILL HAVE ON THE MEMBER'S RIGHT TO HEALTH CARE  
18 BENEFITS AS A RETIRANT OR A VESTED RIGHT TO A RETIREMENT BENEFIT  
19 FOR SERVICE AS A JUDGE PROVIDED BY THAT PLAN.

20 Sec. 713. (1) The state treasurer shall promptly credit the  
21 Tier 2 account of a qualified participant who makes an election  
22 under section 701 OR 701A to terminate membership in Tier 1 with  
23 any amount transferred from Tier 1 pursuant to section 702 OR  
24 702A, AS APPLICABLE.

25 (2) Not later than 30 days after receipt of a recomputed  
26 amount under section 702(2) or (4), the state treasurer shall  
27 charge the qualified participant's Tier 2 account for any amount

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1 of excess transfers under section 702(1) or (3) and transfer that  
2 amount to the appropriate fund in Tier 1. The state treasurer  
3 may determine which investment choice or choices within a quali-  
4 fied participant's Tier 2 account will be used for this purpose.

5       Sec. 714. (1) This section is subject to the vesting  
6 requirements of section 715.

7       (2) A qualified participant's employer shall contribute to  
8 the qualified participant's account in Tier 2 an amount equal to  
9 4% of the qualified participant's salary.

10       (3) A qualified participant may periodically elect to con-  
11 tribute up to 3% of his or her salary to his or her Tier 2  
12 account. The qualified participant's employer shall make an  
13 additional contribution to the qualified participant's Tier 2  
14 account in an amount equal to the contribution made by the quali-  
15 fied participant under this subsection.

16       (4) A qualified participant may make contributions in addi-  
17 tion to contributions made under subsection (3) to his or her  
18 Tier 2 account as permitted by the state treasurer and the inter-  
19 nal revenue code. The qualified participant's employer shall not  
20 match contributions made by the qualified participant under this  
21 subsection.

22       (5) A QUALIFIED PARTICIPANT WHO MAKES A WRITTEN ELECTION  
23 UNDER SECTION 701A MAY ELECT TO CONTRIBUTE UP TO 6% OF HIS OR HER  
24 SALARY TO HIS OR HER TIER 2 ACCOUNT. IN LIEU OF EMPLOYER CONTRI-  
25 BUTIONS UNDER SUBSECTION (3), THE QUALIFIED PARTICIPANT'S  
26 EMPLOYER SHALL MAKE AN ADDITIONAL CONTRIBUTION TO THE QUALIFIED  
27 PARTICIPANT'S TIER 2 ACCOUNT IN AN AMOUNT EQUAL TO THE

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1 CONTRIBUTION MADE BY THE QUALIFIED PARTICIPANT UNDER THIS  
2 SUBSECTION. THIS SUBSECTION APPLIES FOR A PERIOD AS DETERMINED  
3 BY THE DEPARTMENT THAT EQUALS THE TIME IN WHICH A TIER 1 MEMBER  
4 WAS NOT ABLE TO MAKE CONTRIBUTIONS TO THE TIER 2 PLAN BECAUSE OF  
5 THE TEMPORARY RESTRAINING ORDER ISSUED IN THE CASE OF MICHIGAN  
6 JUDGES ASSN V TREASURER OF THE STATE OF MICHIGAN, CASE  
7 NO. 98-DT-72771-CV (ED MI).

8 Sec. 715. (1) A qualified participant is immediately 100%  
9 vested in his or her contributions made to Tier 2. A qualified  
10 participant shall vest in the employer contributions made on his  
11 or her behalf to Tier 2 according to the following schedule:

12 (a) Upon completion of 2 years of service, 50%.

13 (b) Upon completion of 3 years of service, 75%.

14 (c) Upon completion of 4 years of service, 100%.

15 (2) A qualified participant is vested in the health insur-  
16 ance coverage provided in section 719 if the qualified partici-  
17 pant meets 1 of the following requirements:

18 (a) The qualified participant has completed 4 years of serv-  
19 ice as a qualified participant and was not a member, deferred  
20 vested member, or former nonvested member of Tier 1.

21 (b) The qualified participant was a member, deferred vested  
22 member, or former nonvested member of Tier 1 who made an election  
23 to participate in Tier 2 pursuant to section 701 OR 701A, and who  
24 has met the service requirements he or she would have been  
25 required to meet in order to vest in health benefits under sec-  
26 tion 509.

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1           Sec. 716. A qualified participant who was a member,  
2 deferred vested member, or former nonvested member of Tier 1 who  
3 makes an election to participate in Tier 2 pursuant to section  
4 701 OR 701A, shall be credited with the years of service accrued  
5 under Tier 1 on the effective date of participation in Tier 2 for  
6 the purpose of meeting the vesting requirements for benefits  
7 under section 715.

8           Enacting section 1. Sections 214a, 504a, 701a, 701b, and  
9 702a of the judges retirement act of 1992, 1992 PA 234, MCL  
10 38.2214a, 38.2504a, 38.2651a, 38.2651b, and 38.2652a, are  
11 repealed on the date the settlement agreement in the case of  
12 Michigan judges assn v Treasurer of the state of Michigan, case  
13 no. 98-DT-72771-CV (Ed MI), becomes of no further force and  
14 effect, is rendered null and void, or is otherwise terminated.

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18           Enacting section 2. This amendatory act takes effect on the  
19 same date the settlement agreement in the case of Michigan judges  
20 assn v Treasurer of the state of Michigan, case  
21 no. 98-DT-72771-CV (Ed MI), is effective.