

**SUBSTITUTE FOR
HOUSE BILL NO. 6475**

A bill to amend 1986 PA 182, entitled "State police retirement act of 1986," by amending the title and sections 3, 4, 11, 12, 14, 14a, 15, 23, 24, 25, 26, 27, 28, 32, 33, 34, and 42 (MCL 38.1603, 38.1604, 38.1611, 38.1612, 38.1614, 38.1614a, 38.1615, 38.1623, 38.1624, 38.1625, 38.1626, 38.1627, 38.1628, 38.1632, 38.1633, 38.1634, and 38.1642), the title as amended by 2015 PA 168, section 3 as amended by 2010 PA 220, section 4 as amended by 2004 PA 83, sections 14 and 42 as amended by 2004 PA 50, section 14a as amended by 2008 PA 366, and sections 25 and 26 as amended by 2000 PA 374, and by adding sections 15a, 24b, 42a, 42b, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 72, 73, 74, and 75.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to provide for the Michigan department of state police
 3 retirement system; to create certain reserves and certain funds for
 4 this retirement system; to provide for the creation of a retirement
 5 board within the department of technology, management, and budget;
 6 to prescribe the powers and duties of the retirement board; to
 7 prescribe the powers and duties of the department of state police,
 8 the department of technology, management, and budget, and certain
 9 state officers; **TO AUTHORIZE AND MAKE APPROPRIATIONS FOR THE**
 10 **RETIREMENT SYSTEM**; and to repeal certain acts and parts of acts.

11 Sec. 3. (1) "Banked leave time program" means the part B
 12 annual leave hours within the state's annual and sick leave program
 13 approved by a ruling of the ~~internal revenue service~~ **INTERNAL**
 14 **REVENUE SERVICE** on September 5, 2003, in which a pay reduction or
 15 other concessions are applied to a member in exchange for
 16 additional part B annual leave hours.

17 (2) "Credited service" means the sum of the prior service and
 18 membership service credited to a member's account.

19 (3) "Deferred member" means a member who separates from
 20 service with entitlement to a deferred retirement allowance as
 21 provided in section 30, but who is not a retirant.

22 (4) "Department" means the department of **TECHNOLOGY**,
 23 management, and budget.

24 (5) "Direct rollover" means a payment by the retirement system
 25 to the eligible retirement plan specified by the distributee.

26 (6) "Distributee" includes a member or deferred member.

1 Distributee also includes the member's or deferred member's
2 surviving spouse or the member's or deferred member's spouse or
3 former spouse under an eligible domestic relations order, with
4 regard to the interest of the spouse or former spouse.

5 (7) "DROP participant" means an officer who participates in
6 the deferred retirement option plan established in section 24a.

7 (8) Beginning January 1, 2002, except as otherwise provided in
8 this subsection, "eligible retirement plan" means 1 or more of the
9 following:

10 (a) An individual retirement account described in section
11 408(a) of the internal revenue code, 26 USC 408.

12 (b) An individual retirement annuity described in section
13 408(b) of the internal revenue code, 26 USC 408.

14 (c) An annuity plan described in section 403(a) of the
15 internal revenue code, 26 USC 403.

16 (d) A qualified trust described in section 401(a) of the
17 internal revenue code, 26 USC 401.

18 (e) An annuity contract described in section 403(b) of the
19 internal revenue code, 26 USC 403.

20 (f) An eligible plan under section 457(b) of the internal
21 revenue code, 26 USC 457, ~~which~~**THAT** is maintained by a state,
22 political subdivision of a state, or an agency or instrumentality
23 of a state or political subdivision of a state and ~~which~~**THAT**
24 agrees to separately account for amounts transferred into the
25 eligible plan under section 457(b) of the internal revenue code, 26
26 USC 457, from this retirement system, that accepts the
27 distributee's eligible rollover distribution.

1 (g) Beginning January 1, 2008, a Roth individual retirement
2 account as described in section 408A of the internal revenue code,
3 26 USC 408A, subject to the rules that apply to rollovers from a
4 traditional individual retirement account to a Roth individual
5 retirement account.

6 (9) Beginning January 1, 2007, "eligible rollover
7 distribution" means a distribution of all or any portion of the
8 balance to the credit of the distributee. Eligible rollover
9 distribution does not include any of the following:

10 (a) A distribution made for the life or life expectancy of the
11 distributee or the joint lives or joint life expectancies of the
12 distributee and the distributee's designated beneficiary.

13 (b) A distribution for a specified period of 10 years or more.

14 (c) A distribution to the extent that the distribution is
15 required under section 401(a)(9) of the internal revenue code, 26
16 USC 401.

17 (d) The portion of any distribution that is not includable in
18 federal gross income, except to the extent ~~such~~**THE** portion of the
19 distribution is paid to either of the following:

20 (i) An individual retirement account or annuity described in
21 section 408(a) or 408(b) of the internal revenue code, 26 USC 408.

22 (ii) A qualified plan described in section 401(a) of the
23 internal revenue code, 26 USC 401, or an annuity contract described
24 in section 403(b) of the internal revenue code, 26 USC 403, and the
25 plan providers agree to separately account for the amounts paid,
26 including any portion of the distribution that is includable in
27 federal gross income, and the portion of the distribution ~~which~~

1 **THAT** is not so includable.

2 (10) "Final average compensation" means, **EXCEPT AS OTHERWISE**
3 **PROVIDED IN THIS SUBSECTION**, the average annual salary for the last
4 2 years of service with the department of state police for which
5 the member was compensated as defined in subsection (13). ~~In the~~
6 ~~ease of~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR** a
7 nonclassified member of the department holding the rank of colonel,
8 final average compensation means the same average annual salary as
9 that computed for the highest salaried classified member of the
10 department, or at the average annual salary for the last 2 years of
11 service with the department of state police for which the member
12 was compensated, whichever is greater. **BEGINNING WITH THE EFFECTIVE**
13 **DATE OF THE AMENDATORY ACT THAT ADDED SECTION 42A, FOR A MEMBER WHO**
14 **FIRST BECAME A MEMBER ON OR AFTER JUNE 10, 2012, FINAL AVERAGE**
15 **COMPENSATION MEANS THE AVERAGE SALARY FOR THE LAST 5 YEARS OF**
16 **SERVICE FOR WHICH THE MEMBER WAS COMPENSATED AS DEFINED IN**
17 **SUBSECTION (14)**. Average annual salary includes only the following
18 compensation items:

19 **(A) BEGINNING WITH THE EFFECTIVE DATE OF THE AMENDATORY ACT**
20 **THAT ADDED SECTION 42A, FOR A MEMBER WHO FIRST BECAME A MEMBER**
21 **BEFORE JUNE 10, 2012, ONLY THE FOLLOWING COMPENSATION ITEMS:**

22 **(i)** ~~(a)~~ Regular salary paid for the last 2 years of service,
23 including, but not limited to, that salary that is deferred
24 pursuant to a state deferred compensation program.

25 **(ii)** ~~(b)~~ Overtime, shift differential, and shift differential
26 overtime paid for the last 2 years of service.

27 **(iii)** ~~(c)~~ Gross pay adjustments paid affecting the last 2

1 years of service, including compensatory time and emergency
2 response compensation.

3 (iv) ~~(d)~~—Up to a maximum of 240 hours of accumulated annual
4 leave, paid at the time of retirement separation excluding part B
5 annual leave hours paid at the time of retirement separation.

6 (v) ~~(e)~~—Deferred hours under Plan B of the fiscal years ending
7 September 30, 1981, and September 30, 1982, that are paid at the
8 time of retirement separation.

9 (vi) ~~(f)~~—Longevity pay equal to 2 full years.

10 (vii) ~~(g)~~—Bomb squad pay paid for the last 2 years of service.

11 (viii) ~~(h)~~—Post 29 freeway premium paid for the last 2 years
12 of service.

13 (ix) ~~(i)~~—On-call pay paid for the last 2 years of service.

14 (x) ~~(j)~~—Beginning October 1, 2003, the value of any unpaid
15 furlough hours or the value of any unpaid hours exchanged for part
16 B annual leave hours, calculated at the member's then-current
17 hourly rate or rates of pay, for a period during which a member is
18 participating in the banked leave time program.

19 (xi) ~~(k)~~—Beginning May 1, 2009, the value of temporary layoff
20 hours. As used in this ~~subdivision~~, **SUBPARAGRAPH**, "temporary layoff
21 hours" means hours attributable to the layoff of a member if the
22 layoff does not exceed 1 month and has a fixed, predetermined, and
23 announced recall date.

24 **(B) BEGINNING WITH THE EFFECTIVE DATE OF THE AMENDATORY ACT**
25 **THAT ADDED SECTION 42A, FOR A MEMBER WHO FIRST BECAME A MEMBER ON**
26 **OR AFTER JUNE 10, 2012, ONLY THE FOLLOWING COMPENSATION ITEMS:**

27 (i) **REGULAR SALARY PAID FOR THE LAST 5 YEARS OF SERVICE,**

1 INCLUDING, BUT NOT LIMITED TO, THAT SALARY THAT IS DEFERRED
2 PURSUANT TO A STATE DEFERRED COMPENSATION PROGRAM.

3 (ii) SHIFT DIFFERENTIAL.

4 (iii) GROSS PAY ADJUSTMENTS PAID AFFECTING THE LAST 5 YEARS OF
5 SERVICE, INCLUDING COMPENSATORY TIME AND EMERGENCY RESPONSE
6 COMPENSATION.

7 (iv) UP TO A MAXIMUM OF 240 HOURS OF ACCUMULATED ANNUAL LEAVE,
8 PAID AT THE TIME OF RETIREMENT SEPARATION EXCLUDING PART B ANNUAL
9 LEAVE HOURS PAID AT THE TIME OF RETIREMENT SEPARATION.

10 (v) LONGEVITY PAY EQUAL TO 5 FULL YEARS.

11 (vi) BOMB SQUAD PAY PAID FOR THE LAST 5 YEARS OF SERVICE.

12 (vii) POST 29 FREEWAY PREMIUM PAID FOR THE LAST 5 YEARS OF
13 SERVICE.

14 (viii) ON-CALL PAY PAID FOR THE LAST 5 YEARS OF SERVICE.

15 (ix) THE VALUE OF ANY UNPAID FURLOUGH HOURS OR THE VALUE OF
16 ANY UNPAID HOURS EXCHANGED FOR PART B ANNUAL LEAVE HOURS,
17 CALCULATED AT THE MEMBER'S THEN-CURRENT HOURLY RATE OR RATES OF
18 PAY, FOR A PERIOD DURING WHICH A MEMBER IS PARTICIPATING IN THE
19 BANKED LEAVE TIME PROGRAM.

20 (x) THE VALUE OF TEMPORARY LAYOFF HOURS. AS USED IN THIS
21 SUBPARAGRAPH, "TEMPORARY LAYOFF HOURS" MEANS HOURS ATTRIBUTABLE TO
22 THE LAYOFF OF A MEMBER IF THE LAYOFF DOES NOT EXCEED 1 MONTH AND
23 HAS A FIXED, PREDETERMINED, AND ANNOUNCED RECALL DATE.

24 (11) "Furlough hours" means unworked hours incurred in
25 conjunction with the banked leave time program.

26 (12) "Internal revenue code" means the United States internal
27 revenue code of 1986.

1 (13) "Last 2 years of service" means the 2-year period
2 immediately preceding the member's last day of service or that
3 period of 2 consecutive years of service with the department of
4 state police immediately preceding the date the duty disability
5 occurred according to the medical examinations conducted pursuant
6 ~~to~~ **UNDER** section 29 or, if the officer participated in the deferred
7 retirement option plan, the 2-year period immediately preceding
8 participation in the deferred retirement option plan.

9 **(14) "LAST 5 YEARS OF SERVICE" MEANS THE 5-YEAR PERIOD**
10 **IMMEDIATELY PRECEDING THE MEMBER'S LAST DAY OF SERVICE OR THAT**
11 **PERIOD OF 5 CONSECUTIVE YEARS OF SERVICE WITH THE DEPARTMENT OF**
12 **STATE POLICE IMMEDIATELY PRECEDING THE DATE THE DUTY DISABILITY**
13 **OCCURRED ACCORDING TO THE MEDICAL EXAMINATIONS CONDUCTED UNDER**
14 **SECTION 29.**

15 Sec. 4. (1) "Member", except where the context otherwise
16 requires, means an employee of the ~~Michigan~~ department of state
17 police who has subscribed to the constitutional oath of office.

18 (2) "Officer" means a nonexclusively represented member of the
19 retirement system.

20 **(3) "QUALIFIED PARTICIPANT" MEANS AN INDIVIDUAL WHO FIRST**
21 **BECOMES A MEMBER ON OR AFTER JUNE 10, 2012 AND WHO IS ALSO A**
22 **PARTICIPANT OF TIER 2.**

23 **(4) "REGULAR INTEREST" MEANS A RATE OR RATES PER ANNUM,**
24 **COMPOUNDED ANNUALLY, AS THE RETIREMENT BOARD DETERMINES. FOR THE**
25 **PURPOSES OF EMPLOYEE REFUNDS, THE INTEREST RATE PAYABLE MUST NOT**
26 **EXCEED 4% PER ANNUM, COMPOUNDED ANNUALLY.**

27 (5) ~~(3)~~-"Retirant" means a member who separates from service

1 and retires with a retirement allowance payable from the
2 appropriate reserve of the retirement system.

3 (6) ~~(4)~~—"Retirement allowance" means the annual amount,
4 payable monthly, to which a retirant, retirement allowance
5 beneficiary, or refund beneficiary is entitled ~~pursuant to~~ **UNDER**
6 this act.

7 (7) ~~(5)~~—"Retirement allowance beneficiary" means a person who
8 is being paid or has entitlement to the payment of a retirement
9 allowance in the event of the death of a member, deferred member,
10 or retirant.

11 (8) ~~(6)~~—"Retirement board" means the retirement board created
12 in section 6.

13 (9) ~~(7)~~—"Retirement system" means the system of benefits for
14 members **AND QUALIFIED PARTICIPANTS** of the department of state
15 police and their survivors and beneficiaries provided by this act.

16 (10) ~~(8)~~—"Surviving spouse" means the spouse at the time of
17 death of the member or retirant.

18 (11) **"TIER 1" MEANS THE RETIREMENT PLAN AVAILABLE TO A MEMBER**
19 **UNDER THIS ACT.**

20 (12) **"TIER 2" MEANS THE RETIREMENT PLAN ESTABLISHED PURSUANT**
21 **TO SECTION 401(K) OF THE INTERNAL REVENUE CODE, 26 USC 401, THAT IS**
22 **AVAILABLE TO QUALIFIED PARTICIPANTS UNDER SECTIONS 62 TO 74.**

23 Sec. 11. (1) The retirement board, in consultation with the
24 department, shall engage an actuary, in conformance with section
25 261 of the management and budget act, ~~Act No. 431 of the Public~~
26 ~~Acts of 1984, being section 18.1261 of the Michigan Compiled~~
27 ~~Laws.1984 PA 431, MCL 18.1261.~~

1 (2) The actuary shall prepare a ~~biennial~~**AN ANNUAL** valuation
2 of the assets, liabilities, financial condition, and contribution
3 rate of the retirement system, upon information supplied by the
4 department.

5 (3) The retirement board and the department shall **CONDUCT AND**
6 **REVIEW AN EXPERIENCE INVESTIGATION STUDY AND** adopt risk assumptions
7 ~~upon~~**ON** which actuarial valuations are to be based, after
8 consultation with the actuary, and the state treasurer. ~~These risk~~
9 ~~assumptions shall~~**THE EXPERIENCE INVESTIGATION STUDY MUST** be
10 periodically reviewed at least once every 5 years.

11 (4) **EVERY APRIL 1 FOLLOWING A PERIODIC REVIEW OF RISK**
12 **ASSUMPTIONS UNDER SUBSECTION (3), THE OFFICE OF RETIREMENT SERVICES**
13 **ON BEHALF OF THE DEPARTMENT AND THE STATE TREASURER SHALL**
14 **COLLABORATE TO SUBMIT A REPORT TO THE SENATE MAJORITY LEADER, THE**
15 **SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE SENATE AND HOUSE OF**
16 **REPRESENTATIVES APPROPRIATIONS COMMITTEES, THE SENATE AND HOUSE**
17 **FISCAL AGENCIES, AND THE DEPARTMENT OF STATE POLICE. A REPORT**
18 **REQUIRED UNDER THIS SUBSECTION MUST BE PUBLISHED ON THE OFFICE OF**
19 **RETIREMENT SERVICES'S WEBSITE AND INCLUDE AT LEAST ALL OF THE**
20 **FOLLOWING:**

21 (A) **FORECASTED RATE OF RETURN ON INVESTMENTS AT ALL OF THE**
22 **FOLLOWING PROBABILITY LEVELS:**

- 23 (i) 5% .
24 (ii) 25% .
25 (iii) 50%
26 (iv) 75% .
27 (v) 95% .

1 (B) THE ACTUAL RATE OF RETURN ON INVESTMENTS FOR 10-, 15-, AND
2 20-YEAR TIME INTERVALS.

3 (C) MORTALITY ASSUMPTIONS.

4 (D) RETIREMENT AGE ASSUMPTIONS.

5 (E) PAYROLL GROWTH ASSUMPTIONS.

6 (F) ANY OTHER ASSUMPTIONS THAT HAVE A MATERIAL IMPACT ON THE
7 FINANCIAL STATUS OF THE RETIREMENT SYSTEM.

8 Sec. 12. The retirement board shall elect from its membership
9 a chairperson who shall take office immediately ~~upon~~**ON** election
10 and serve until a successor is elected. The director of the ~~bureau~~
11 **OFFICE** of retirement ~~systems,~~**SERVICE**, department of **TECHNOLOGY**,
12 management, and budget, ~~shall be~~**IS** the executive secretary of the
13 retirement system.

14 Sec. 14. (1) The funding objective of the retirement system is
15 to establish and receive contributions during each fiscal year that
16 are sufficient to fully cover the actuarial cost of benefits likely
17 to be paid on account of services rendered by members during the
18 fiscal year, the normal cost requirements of the retirement system,
19 and finance the unfunded actuarial costs of benefits likely to be
20 paid on account of service rendered ~~prior to~~**BEFORE** the fiscal
21 year, the unfunded actuarial accrued liability of the retirement
22 system, and health, dental, and vision insurance.

23 (2) ~~The~~**SUBJECT TO SUBSECTIONS (5) TO (7), THE** annual level
24 percentage of payroll contribution rate ~~shall~~**MUST** be actuarially
25 determined using experience assumptions and level percent of
26 payroll actuarial cost methods adopted by the retirement board and
27 the department pursuant to an annual actuarial valuation, which

1 ~~shall~~**MUST** be sufficient to finance benefits being provided and to
2 be provided by the retirement system.

3 (3) ~~For~~**SUBJECT TO SUBSECTIONS (5) TO (7), FOR** differences
4 occurring in fiscal years beginning on or after October 1, 2001, a
5 minimum of 20% of the difference between the estimated and the
6 actual aggregate compensation and the estimated and the actual
7 contribution rate described in subsection (2), if any, may be
8 submitted in the executive budget to the legislature for
9 appropriation in the next succeeding state fiscal year and a
10 minimum of 25% of the remaining difference ~~shall~~**MUST** be submitted
11 in the executive budget to the legislature for appropriation in
12 each of the following 4 state fiscal years, or until 100% of the
13 remaining difference is submitted, whichever first occurs. In
14 addition, interest ~~shall~~**MUST** be included for each year that a
15 portion of the remaining difference is carried forward. The
16 interest rate ~~shall~~**MUST** equal the actuarially assumed rate of
17 investment return for the state fiscal year in which payment is
18 made.

19 (4) For each fiscal year that begins on or after October 1,
20 2003, if the actuarial valuation prepared ~~pursuant to~~**UNDER** this
21 section for each fiscal year demonstrates that as of the beginning
22 of a fiscal year, and after all credits and transfers required by
23 this act for the previous fiscal year have been made, the sum of
24 the actuarial value of assets and the actuarial present value of
25 future normal cost contributions exceeds the actuarial present
26 value of benefits, the amount based on the annual level percent of
27 payroll contribution rate ~~pursuant to~~**UNDER** subsections (1) and (2)

1 may be deposited into the health advance funding subaccount created
2 by section 42.

3 (5) BEGINNING WITH THE STATE FISCAL YEAR ENDING SEPTEMBER 30,
4 2022 UNTIL THE PENSION AND RETIREE HEALTH CARE PAYROLL GROWTH
5 ASSUMPTION RATE IS ZERO, THE PAYROLL GROWTH ASSUMPTION RATE MUST BE
6 REDUCED BY 50 BASIS POINTS. BEGINNING WITH THE STATE FISCAL YEAR
7 ENDING SEPTEMBER 30, 2022, THE OFFICE OF RETIREMENT SERVICES WITHIN
8 THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET AND THE
9 RETIREMENT BOARD MAY AGREE TO REDUCE THE RATE DESCRIBED IN THIS
10 SUBSECTION BY ANY NUMBER OF ADDITIONAL BASIS POINTS.

11 (6) BEGINNING WITH THE STATE FISCAL YEAR ENDING SEPTEMBER 30,
12 2019 AND FOR EACH SUBSEQUENT FISCAL YEAR, THE NORMAL COST
13 CONTRIBUTION RATE MUST NOT BE LESS THAN THE NORMAL COST
14 CONTRIBUTION RATE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.
15 ADDITIONALLY, THE EMPLOYER PORTION OF THE CONTRIBUTION RATE MUST
16 NOT BE LESS THAN THE EMPLOYER PORTION OF THE CONTRIBUTION RATE IN
17 THE IMMEDIATELY PRECEDING FISCAL YEAR.

18 (7) SUBJECT TO THIS SUBSECTION, BEGINNING WITH THE STATE
19 FISCAL YEAR ENDING SEPTEMBER 30, 2019 AND FOR EACH SUBSEQUENT
20 FISCAL YEAR UNTIL THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS PAID
21 OFF, THE UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION SUM AND
22 DUE PAYABLE MUST NOT BE LESS THAN THE UNFUNDED ACTUARIAL ACCRUED
23 LIABILITY CONTRIBUTION SUM AND DUE PAYABLE IN THE IMMEDIATELY
24 PRECEDING FISCAL YEAR. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
25 MUST BE PAID OFF NO LATER THAN SEPTEMBER 30, 2038. ADDITIONALLY,
26 THE EMPLOYER PORTION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
27 CONTRIBUTION SUM AND DUE PAYABLE MUST NOT BE LESS THAN THE EMPLOYER

1 **PORTION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION**
2 **SUM AND DUE PAYABLE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.**

3 (8) ~~(5)~~—Notwithstanding any other provision of this act, if
4 the retirement board establishes an arrangement and fund as
5 described in section 6 of the public employee retirement benefit
6 protection act, 2002 PA 100, MCL 38.1686, the benefits that are
7 required to be paid from that fund ~~shall~~**MUST** be paid from a
8 portion of the employer contributions described in this section or
9 other eligible funds. The retirement board shall determine the
10 amount of the employer contributions or other eligible funds that
11 must be allocated to that fund and deposit that amount in that fund
12 before it deposits any remaining employer contributions or other
13 eligible funds in the pension fund.

14 Sec. 14a. (1) This section is enacted ~~pursuant to~~**UNDER**
15 section 401(a) of the internal revenue code, **26 USC 401**, that
16 imposes certain administrative requirements and benefit limitations
17 for qualified governmental plans. This state intends that the
18 retirement system be a qualified pension plan created in trust
19 under section 401 of the internal revenue code, **26 USC 401**, and
20 that the trust be an exempt organization under section 501 of the
21 internal revenue code, **26 USC 501**. The department shall administer
22 the retirement system to fulfill this intent.

23 (2) The retirement system ~~shall~~**MUST** be administered in
24 compliance with section 415 of the internal revenue code, 26 USC
25 415, and regulations under that section that are applicable to
26 governmental plans and, beginning January 1, 2010, applicable
27 provisions of the final regulations issued by the ~~internal revenue~~

1 ~~service~~**INTERNAL REVENUE SERVICE** on April 5, 2007. Employer-
2 financed benefits provided by the retirement system under this act
3 ~~shall~~**MUST** not exceed the applicable limitations set forth in
4 section 415 of the internal revenue code, 26 USC 415, as adjusted
5 by the commissioner of internal revenue under section 415(d) of the
6 internal revenue code, 26 USC 415, to reflect cost of living
7 increases, and the retirement system ~~shall~~**MUST** adjust the
8 benefits, including benefits payable to retirants and retirement
9 allowance beneficiaries, subject to the limitation each calendar
10 year to conform with the adjusted limitation. For purposes of
11 section 415(b) of the internal revenue code, 26 USC 415, the
12 applicable limitation ~~shall apply~~**APPLIES** to aggregated benefits
13 received from all qualified pension plans for which the office of
14 retirement services coordinates administration of that limitation.
15 If there is a conflict between this section and another section of
16 this act, this section prevails.

17 (3) The assets of the retirement system ~~shall~~**MUST** be held in
18 trust and invested for the sole purpose of meeting the legitimate
19 obligations of the retirement system and ~~shall~~**MUST** not be used for
20 any other purpose. The assets ~~shall~~**MUST** not be used for or
21 diverted to a purpose other than for the exclusive benefit of the
22 members, deferred members, retirants, and beneficiaries before
23 satisfaction of all retirement system liabilities.

24 (4) The retirement system shall return post-tax member
25 contributions made by a member and received by the retirement
26 system to a member upon retirement, pursuant to ~~internal revenue~~
27 ~~service~~**INTERNAL REVENUE SERVICE** regulations and approved ~~internal~~

1 ~~revenue service~~ **INTERNAL REVENUE SERVICE** exclusion ratio tables.

2 (5) The required beginning date for retirement allowances and
3 other distributions ~~shall~~ **MUST** not be later than April 1 of the
4 calendar year following the calendar year in which the employee
5 attains age 70-1/2 or April 1 of the calendar year following the
6 calendar year in which the employee retires. The required minimum
7 distribution requirements imposed by section 401(a)(9) of the
8 internal revenue code, 26 USC 401, ~~shall~~ apply to this act and **MUST**
9 be administered in accordance with a reasonable and good faith
10 interpretation of the required minimum distribution requirements
11 for all years to which the required minimum distribution
12 requirements apply to this act.

13 (6) If the retirement system is terminated, the interest of
14 the members, deferred members, retirants, and beneficiaries in the
15 retirement system is nonforfeitable to the extent funded as
16 described in section 411(d)(3) of the internal revenue code, 26 USC
17 411, and related internal revenue service regulations applicable to
18 governmental plans.

19 (7) Notwithstanding any other provision of this act to the
20 contrary that would limit a distributee's election under this act,
21 a distributee may elect, at the time and in the manner prescribed
22 by the retirement board, to have any portion of an eligible
23 rollover distribution paid directly to an eligible retirement plan
24 specified by the distributee in a direct rollover. This subsection
25 applies to distributions made on or after January 1, 1993.

26 **BEGINNING OCTOBER 1, 2010, A NONSPOUSE BENEFICIARY MAY ELECT TO**
27 **HAVE ANY PORTION OF AN AMOUNT PAYABLE UNDER THIS ACT THAT IS AN**

1 ELIGIBLE ROLLOVER DISTRIBUTION TREATED AS A DIRECT ROLLOVER THAT
2 WILL BE PAID IN A DIRECT TRUSTEE-TO-TRUSTEE TRANSFER TO AN
3 INDIVIDUAL RETIREMENT ACCOUNT OR INDIVIDUAL RETIREMENT ANNUITY
4 DESCRIBED IN SECTION 408(A) OR (B) OF THE INTERNAL REVENUE CODE, 26
5 USC 408, THAT IS ESTABLISHED FOR THE PURPOSE OF RECEIVING A
6 DISTRIBUTION ON BEHALF OF THE BENEFICIARY AND THAT WILL BE TREATED
7 AS AN INHERITED INDIVIDUAL RETIREMENT ACCOUNT OR INDIVIDUAL
8 RETIREMENT ANNUITY PURSUANT TO SECTION 402(C)(11) OF THE INTERNAL
9 REVENUE CODE, 26 USC 402.

10 (8) Notwithstanding any other provision of this act, the
11 compensation of a member of the retirement system ~~shall~~**MUST** be
12 taken into account for any year under the retirement system only to
13 the extent that it does not exceed the compensation limit
14 established in section 401(a)(17) of the internal revenue code, 26
15 USC 401, as adjusted by the commissioner of internal revenue. This
16 subsection applies to any person who first becomes a member of the
17 retirement system on or after October 1, 1996.

18 (9) Notwithstanding any other provision of this act,
19 contributions, benefits, and service credit with respect to
20 qualified military service will be provided under the retirement
21 system in accordance with section 414(u) of the internal revenue
22 code, 26 USC 414. This subsection applies to all qualified military
23 service on or after December 12, 1994. Effective January 1, 2007,
24 in accordance with section 401(a)(37) of the internal revenue code,
25 26 USC 401, if a member dies while performing qualified military
26 service for purposes of determining any death benefits payable
27 under this act, the member ~~shall be~~**IS** treated as having resumed

1 and then terminated employment on account of death.

2 Sec. 15. (1) The reserve for employee contributions is the
3 account in which member contributions are accumulated and from
4 which ~~shall~~**MUST** be made refunds and transfers of accumulated
5 member contributions. The retirement system shall maintain 1 or
6 more separate subaccounts for each person having an interest in
7 this account. **MEMBER CONTRIBUTIONS MUST BE ACCUMULATED AT REGULAR
8 INTEREST TO THE SUBACCOUNTS OF THE MEMBERS.**

9 (2) Accumulated member contributions ~~shall~~**MUST** be transferred
10 from the reserve for employee contributions to the reserve for
11 retired benefit payments ~~upon~~**ON** the retirement or death of a
12 member or deferred member.

13 **SEC. 15A. (1) BEGINNING WITH HIS OR HER FIRST PAY DATE AND
14 ENDING ON THE MEMBER'S TERMINATION OF EMPLOYMENT, EACH MEMBER FIRST
15 EMPLOYED ON OR AFTER JUNE 10, 2012 SHALL CONTRIBUTE AN AMOUNT EQUAL
16 TO 4% OF HIS OR HER COMPENSATION TO THE RESERVE FOR EMPLOYEE
17 CONTRIBUTIONS TO PROVIDE FOR THE AMOUNT OF RETIREMENT ALLOWANCE
18 THAT IS CALCULATED ONLY ON THE CREDITED SERVICE AND COMPENSATION
19 RECEIVED BY THAT MEMBER.**

20 **(2) BEGINNING ON OCTOBER 1, 2012, AND ENDING ON THE MEMBER'S
21 TERMINATION OF EMPLOYMENT, EACH MEMBER HIRED BEFORE JUNE 10, 2012
22 WHO, ON OCTOBER 1, 2012, WAS A BARGAINING UNIT EMPLOYEE COVERED BY
23 THE STATE POLICE DEFINED BENEFIT RETIREMENT PLAN SHALL CONTRIBUTE
24 AN AMOUNT EQUAL TO 1% OF HIS OR HER COMPENSATION TO THE RESERVE FOR
25 EMPLOYEE CONTRIBUTIONS. BEGINNING ON OCTOBER 1, 2013, MEMBERS
26 DESCRIBED IN THIS SUBSECTION SHALL CONTRIBUTE AN ADDITIONAL AMOUNT
27 EQUAL TO 1% OF HIS OR HER COMPENSATION TO THE RESERVE FOR EMPLOYEE**

1 CONTRIBUTIONS.

2 (3) THE RETIREMENT SYSTEM AND STATE BUDGET DIRECTOR SHALL
3 DETERMINE A METHOD OF DEDUCTING THE CONTRIBUTIONS PROVIDED FOR IN
4 THIS SECTION FROM THE COMPENSATION OF EACH MEMBER FOR EACH PAYROLL
5 AND EACH PAYROLL PERIOD.

6 (4) THE STATE SHALL PICK UP THE MEMBER CONTRIBUTIONS REQUIRED
7 UNDER SUBSECTIONS (1) AND (2). CONTRIBUTIONS PICKED UP MUST BE
8 TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING TAX TREATMENT
9 UNDER THE INTERNAL REVENUE CODE. THE STATE SHALL PAY THESE MEMBER
10 CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS THAT IS USED IN PAYING
11 COMPENSATION TO THE MEMBER.

12 (5) A MEMBER IS ENTITLED TO THE BENEFIT OF ALL CONTRIBUTIONS
13 MADE UNDER THIS SECTION IN THE SAME MANNER AS PROVIDED UNDER
14 SECTION 15.

15 Sec. 23. (1) Except as otherwise provided by ~~Act No. 59 of the~~
16 ~~Public Acts of 1935, being sections 28.1 to 28.15 of the Michigan~~
17 ~~Compiled Laws, every~~ UNDER 1935 PA 59, MCL 28.1 TO 28.16, AN
18 employee of the department of state police who has subscribed to
19 the constitutional oath of office ~~shall be~~ IS a member of this
20 retirement system.

21 (2) A MEMBER OF THIS RETIREMENT SYSTEM WHO FIRST BECOMES A
22 MEMBER ON OR AFTER JUNE 12, 2012 IS A MEMBER OF THE TIER 1 PLAN AND
23 ALSO PARTICIPATES IN THE TIER 2 PLAN UNTIL THE MEMBER TERMINATES
24 EMPLOYMENT OR RETIRES AND RECEIVES A RETIREMENT ALLOWANCE
25 CALCULATED UNDER SECTION 24.

26 (3) ~~(2)~~ A member who resigns, dies, is transferred to a
27 position not covered by the retirement system, or is dismissed for

1 a reason other than his or her retirement or breach of the public
 2 trust, ~~upon~~**ON** application is entitled to receive in a lump sum,
 3 payable to him or her or his or her legal representative if the
 4 member dies or is legally disabled, 100% of the contributions made
 5 into the reserve for employee contributions. **ANY UNCLAIMED**
 6 **CONTRIBUTIONS MUST BE TRANSFERRED FROM THE RESERVE FOR EMPLOYEE**
 7 **CONTRIBUTIONS TO THE RESERVE FOR RETIRED BENEFIT PAYMENTS.**

8 Sec. 24. (1) ~~A~~**EXCEPT AS PROVIDED IN SECTION 24B AND SUBJECT**
 9 **TO SUBSECTION (14),** A member who **FIRST BECAME A MEMBER BEFORE JUNE**
 10 **10, 2012 AND WHO** has 25 years or more of credited service under
 11 this act or former ~~Act No. 1935 PA 251, of the Public Acts of 1935,~~
 12 or both, may retire ~~upon~~**ON** his or her written application to the
 13 retirement board, stating a date, not less than 30 nor more than 90
 14 days after the execution and filing of the application, he or she
 15 desires to retire. However, a member **DESCRIBED IN THIS SUBSECTION**
 16 who becomes 56 years of age shall retire. A member retiring under
 17 this subsection ~~shall be~~**IS** entitled to receive a retirement
 18 allowance equal to 60% of his or her final average compensation.

19 (2) ~~if~~**SUBJECT TO SUBSECTION (4), IF** a retirant receiving a
 20 retirement allowance under subsection (1) dies, the retirement
 21 allowance ~~shall~~**MUST** continue to be paid to the surviving spouse of
 22 the retirant for the rest of the spouse's life. If there is not a
 23 surviving spouse or ~~upon~~**ON** the spouse's death, ~~then~~ the retirement
 24 allowance ~~shall~~**MUST** be paid to the children under the age of 18 of
 25 the retirant, share and share alike. If the surviving spouse dies
 26 and there are not eligible children, ~~there shall be paid~~**THE**
 27 **RETIREMENT SYSTEM SHALL PAY** to the retirant's estate or his or her

1 legal representative any residual accumulated contributions and
2 interest made by the retirant into the fund.

3 (3) If the director of the department of state police orders
4 the retirement of any member eligible to retire for reason or
5 reasons other than having become 56 years of age, and that member
6 is aggrieved by the order, the member ~~so affected shall be~~ **AFFECTED**
7 **BY AN ORDER DESCRIBED IN THIS SUBSECTION IS** entitled to appeal to
8 the retirement board. An appeal ~~shall~~ **MUST** be in writing and filed
9 with the retirement board within 30 days after receipt of the order
10 of retirement. The retirement board shall set the appeal for
11 hearing within 30 days after the filing of the appeal and shall
12 review the facts as presented and determine whether the order of
13 retirement ~~shall~~ **WILL** continue or be revoked.

14 (4) **A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JULY 1,**
15 **2006 AS A NEW BARGAINING UNIT EMPLOYEE SHALL ELECT TO RECEIVE HIS**
16 **OR HER RETIREMENT ALLOWANCE UNDER 1 OF THE PAYMENT OPTIONS PROVIDED**
17 **IN THIS SUBSECTION. THE ELECTION MUST BE IN WRITING AND FILED WITH**
18 **THE RETIREMENT BOARD AT LEAST 15 DAYS BEFORE THE EFFECTIVE DATE OF**
19 **THE RETIREMENT ALLOWANCE EXCEPT AS PROVIDED FOR A DISABILITY**
20 **RETIRANT UNDER SECTIONS 26, 27, AND 28. THE AMOUNT OF RETIREMENT**
21 **ALLOWANCE UNDER SUBDIVISION (B), (C), OR (D) IS THE ACTUARIAL**
22 **EQUIVALENT OF THE AMOUNT OF RETIREMENT ALLOWANCE UNDER SUBDIVISION**
23 **(A). THE OPTIONS ARE AS FOLLOWS:**

24 (A) **THE RETIRANT WILL BE PAID A STRAIGHT RETIREMENT ALLOWANCE**
25 **FOR LIFE COMPUTED UNDER SECTION 24. AN ADDITIONAL RETIREMENT**
26 **ALLOWANCE PAYMENT WILL NOT BE MADE ON THE RETIRANT'S DEATH.**

27 (B) **THE RETIRANT WILL BE PAID A REDUCED RETIREMENT ALLOWANCE**

1 FOR LIFE WITH A PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
2 THE REDUCED RETIREMENT ALLOWANCE WILL BE CONTINUED THROUGHOUT THE
3 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER OR
4 DEFERRED MEMBER DESIGNATED IN A WRITING FILED WITH THE RETIREMENT
5 BOARD AT THE TIME OF ELECTION OF THIS OPTION. A MEMBER OR DEFERRED
6 MEMBER MAY ELECT THIS OPTION AND DESIGNATE A RETIREMENT ALLOWANCE
7 BENEFICIARY UNDER THE CONDITIONS SET FORTH IN SUBSECTION (5) .

8 (C) A RETIRANT MUST BE PAID A REDUCED RETIREMENT ALLOWANCE FOR
9 LIFE WITH THE PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
10 1/2 OF THE REDUCED RETIREMENT ALLOWANCE IS CONTINUED THROUGHOUT THE
11 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER
12 DESIGNATED IN A WRITING FILED WITH THE RETIREMENT BOARD AT THE TIME
13 OF ELECTION OF THE OPTION.

14 (D) A RETIRANT MUST BE PAID A REDUCED RETIREMENT ALLOWANCE FOR
15 LIFE WITH THE PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
16 75% OF THE REDUCED RETIREMENT ALLOWANCE IS CONTINUED THROUGHOUT THE
17 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER
18 DESIGNATED IN A WRITING FILED WITH THE RETIREMENT BOARD AT THE TIME
19 OF ELECTION OF THE OPTION.

20 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
21 RETIREMENT ALLOWANCE BENEFICIARY SELECTED UNDER SUBSECTION (4) (B) ,
22 (C) , OR (D) MUST NOT BE CHANGED ON OR AFTER THE EFFECTIVE DATE OF
23 THE RETIREMENT ALLOWANCE AND MUST BE EITHER A SPOUSE, BROTHER,
24 SISTER, PARENT, OR CHILD, INCLUDING AN ADOPTED CHILD, OF THE
25 MEMBER, DEFERRED MEMBER, RETIRING MEMBER, OR RETIRING DEFERRED
26 MEMBER ENTITLED TO MAKE THE ELECTION UNDER THIS ACT. ANOTHER
27 RETIREMENT ALLOWANCE BENEFICIARY MUST NOT BE SELECTED. IF A MEMBER,

1 DEFERRED MEMBER, RETIRING MEMBER, OR RETIRING DEFERRED MEMBER IS
2 MARRIED AT THE RETIREMENT ALLOWANCE EFFECTIVE DATE, AN ELECTION
3 UNDER SUBSECTION (4), OTHER THAN AN ELECTION UNDER SUBSECTION
4 (4) (B), NAMING THE SPOUSE AS RETIREMENT ALLOWANCE BENEFICIARY, IS
5 NOT EFFECTIVE UNLESS THE ELECTION IS SIGNED BY THE SPOUSE, EXCEPT
6 THAT THIS REQUIREMENT MAY BE WAIVED BY THE BOARD IF THE SIGNATURE
7 OF A SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING
8 CIRCUMSTANCES. FOR PURPOSES OF THIS SUBSECTION, "SPOUSE" MEANS THE
9 INDIVIDUAL TO WHOM THE MEMBER, DEFERRED MEMBER, RETIRING MEMBER, OR
10 RETIRING DEFERRED MEMBER IS MARRIED AT THE RETIREMENT ALLOWANCE
11 EFFECTIVE DATE. PAYMENT TO A RETIREMENT ALLOWANCE BENEFICIARY MUST
12 START THE FIRST DAY OF THE MONTH FOLLOWING THE RETIRANT'S DEATH.

13 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (9), IF THE
14 RETIREMENT ALLOWANCE BENEFICIARY SELECTED UNDER SUBSECTION (4) (B),
15 (C), OR (D) PREDECEASES THE RETIRANT, THE RETIRANT'S BENEFIT MUST
16 REVERT TO A STRAIGHT RETIREMENT ALLOWANCE INCLUDING POSTRETIREMENT
17 ADJUSTMENTS, IF ANY; IS EFFECTIVE THE FIRST OF THE MONTH FOLLOWING
18 THE DEATH; AND MUST BE PAID DURING THE REMAINDER OF THE RETIRANT'S
19 LIFE.

20 (7) IF A RETIRANT RECEIVING A REDUCED RETIREMENT ALLOWANCE
21 UNDER SUBSECTION (4) (B), (C), OR (D) IS DIVORCED FROM THE SPOUSE
22 WHO HAD BEEN DESIGNATED AS THE RETIRANT'S RETIREMENT ALLOWANCE
23 BENEFICIARY UNDER SUBSECTION (4) (B), (C), OR (D), THE ELECTION OF A
24 REDUCED RETIREMENT ALLOWANCE PAYMENT OPTION IS CONSIDERED VOID BY
25 THE RETIREMENT SYSTEM IF THE JUDGMENT OF DIVORCE OR AWARD OR ORDER
26 OF THE COURT, OR AN AMENDED JUDGMENT OF DIVORCE OR AWARD OR ORDER
27 OF THE COURT, DESCRIBED IN THE PUBLIC EMPLOYEE RETIREMENT BENEFIT

1 PROTECTION ACT, 2002 PA 100, MCL 38.1681 TO 38.1689, AND DATED
2 AFTER JUNE 27, 1991 PROVIDES THAT THE ELECTION OF A REDUCED
3 RETIREMENT ALLOWANCE PAYMENT OPTION UNDER SUBSECTION (4) (B), (C),
4 OR (D) IS TO BE CONSIDERED VOID BY THE RETIREMENT SYSTEM AND THE
5 RETIRANT PROVIDES A CERTIFIED COPY OF THE JUDGMENT OF DIVORCE OR
6 AWARD OR ORDER OF THE COURT, OR AN AMENDED JUDGMENT OF DIVORCE OR
7 AWARD OR ORDER OF THE COURT, TO THE RETIREMENT SYSTEM. IF THE
8 ELECTION OF A REDUCED RETIREMENT ALLOWANCE PAYMENT OPTION UNDER
9 SUBSECTION (4) (B), (C), OR (D) IS CONSIDERED VOID BY THE RETIREMENT
10 SYSTEM UNDER THIS SUBSECTION, THE RETIRANT'S RETIREMENT ALLOWANCE
11 MUST REVERT TO A STRAIGHT RETIREMENT ALLOWANCE, INCLUDING
12 POSTRETIREMENT ADJUSTMENTS, IF ANY, SUBJECT TO AN AWARD OR ORDER OF
13 THE COURT AS DESCRIBED IN THE PUBLIC EMPLOYEE RETIREMENT BENEFIT
14 PROTECTION ACT, 2002 PA 100, MCL 38.1681 TO 38.1689. THE RETIREMENT
15 ALLOWANCE MUST REVERT TO A STRAIGHT RETIREMENT ALLOWANCE UNDER THIS
16 SUBSECTION EFFECTIVE THE FIRST OF THE MONTH AFTER THE DATE THE
17 RETIREMENT SYSTEM RECEIVES A CERTIFIED COPY OF THE JUDGMENT OF
18 DIVORCE OR AWARD OR ORDER OF THE COURT. THIS SUBSECTION DOES NOT
19 SUPERSEDE A JUDGMENT OF DIVORCE OR AWARD OR ORDER OF THE COURT IN
20 EFFECT ON JUNE 27, 1991. THIS SUBSECTION DOES NOT REQUIRE THE
21 RETIREMENT SYSTEM TO DISTRIBUTE OR PAY RETIREMENT ASSETS ON BEHALF
22 OF A RETIRANT IN AN AMOUNT THAT EXCEEDS THE ACTUARIALLY DETERMINED
23 AMOUNT THAT WOULD OTHERWISE BECOME PAYABLE IF A JUDGMENT OF DIVORCE
24 HAD NOT BEEN RENDERED.

25 (8) A RETIRANT, WHO IS DIVORCED AFTER PAYMENT OF HIS OR HER
26 RETIREMENT ALLOWANCE BEGINS AND WHOSE FORMER SPOUSE IS HIS OR HER
27 RETIREMENT ALLOWANCE BENEFICIARY, MAY CHANGE HIS OR HER SURVIVOR

1 OPTION TO THE STRAIGHT LIFE OPTION ONLY IF AN ORDER OF THE COURT
2 STATES THAT THE ELECTION OF A SURVIVOR OPTION UNDER SUBSECTION (4)
3 IS CONSIDERED VOID BY THE RETIREMENT SYSTEM. A RETIRANT WHO
4 SUBSEQUENTLY REMARRIES MAY ELECT A SURVIVOR RETIREMENT ALLOWANCE
5 OPTION FOR HIS OR HER SPOUSE OF 100%, 75%, OR 50% OF HIS OR HER
6 ACTUARIALLY REDUCED MONTHLY PAYMENTS, UNLESS OTHERWISE PRECLUDED BY
7 COURT ORDER.

8 (9) IF THE RETIREMENT ALLOWANCE PAYMENTS TERMINATE BEFORE AN
9 AGGREGATE AMOUNT EQUAL TO THE RETIRANT'S ACCUMULATED CONTRIBUTIONS
10 HAS BEEN PAID, THE DIFFERENCE BETWEEN THE RETIRANT'S ACCUMULATED
11 CONTRIBUTIONS AND THE AGGREGATE AMOUNT OF RETIREMENT ALLOWANCE
12 PAYMENTS MADE MUST BE PAID TO THE PERSON DESIGNATED IN A WRITING
13 FILED WITH THE RETIREMENT BOARD ON A FORM PROVIDED BY THE
14 RETIREMENT BOARD. IF THE DESIGNATED PERSON DOES NOT SURVIVE THE
15 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY, THE DIFFERENCE MUST
16 BE PAID TO THE DECEASED RECIPIENT'S ESTATE OR TO THE LEGAL
17 REPRESENTATIVE OF THE DECEASED RECIPIENT.

18 (10) A RETIRANT WHO SELECTED A RETIREMENT ALLOWANCE
19 BENEFICIARY UNDER SUBSECTION (4) (B), (C), OR (D) MAY CHANGE HIS OR
20 HER RETIREMENT ALLOWANCE BENEFICIARY IF ALL OF THE FOLLOWING APPLY:

21 (A) THE FIRST RETIREMENT ALLOWANCE BENEFICIARY IS A SPOUSE.

22 (B) THE FIRST RETIREMENT ALLOWANCE BENEFICIARY PREDECEASES THE
23 RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE DATE.

24 (C) THE RETIRANT MARRIES ANOTHER SPOUSE AFTER THE RETIREMENT
25 ALLOWANCE EFFECTIVE DATE.

26 (D) EXCEPT AS OTHERWISE PROVIDED IN AN APPLICABLE COLLECTIVE
27 BARGAINING AGREEMENT, THE RETIRANT FILES A WRITTEN REQUEST WITH THE

1 RETIREMENT SYSTEM TO NAME HIS OR HER CURRENT SPOUSE AS A RETIREMENT
2 ALLOWANCE BENEFICIARY NOT EARLIER THAN 180 DAYS AND NOT LATER THAN
3 1 YEAR AFTER THE MARRIAGE OF THE RETIRANT AND THE CURRENT SPOUSE,
4 EXCEPT THAT A RETIRANT WHOSE FIRST RETIREMENT ALLOWANCE BENEFICIARY
5 PREDECEASES THE RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE
6 DATE AND BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
7 THIS SUBSECTION HAS 180 DAYS FROM THE EFFECTIVE DATE OF THE
8 AMENDATORY ACT THAT ADDED THIS SUBSECTION TO FILE A WRITTEN REQUEST
9 WITH THE RETIREMENT SYSTEM.

10 (11) A RETIRANT WHO WAS NOT MARRIED ON HIS OR HER RETIREMENT
11 ALLOWANCE EFFECTIVE DATE AND WHO DID NOT SELECT A PAYMENT OPTION
12 PROVIDED IN THIS SECTION MAY SELECT AN OPTIONAL FORM OF BENEFIT
13 PAYMENT UNDER SUBSECTION (4) (B), (C), OR (D) AND DESIGNATE A
14 RETIREMENT ALLOWANCE BENEFICIARY SUBJECT TO ALL OF THE FOLLOWING:

15 (A) THE RETIRANT MARRIES AFTER HIS OR HER RETIREMENT ALLOWANCE
16 EFFECTIVE DATE.

17 (B) THE RETIREMENT ALLOWANCE BENEFICIARY IS THE RETIRANT'S
18 SPOUSE.

19 (C) THE RETIREMENT ALLOWANCE BENEFICIARY IS ONLY DESIGNATED AS
20 THE RETIREMENT ALLOWANCE BENEFICIARY FOR THAT PORTION OF THE
21 RETIRANT'S RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO AN ELIGIBLE
22 DOMESTIC RELATIONS ORDER ASSIGNING A PREVIOUS SPOUSE A REDUCED
23 BENEFIT UNDER SECTION 4(B) OF THE ELIGIBLE DOMESTIC RELATIONS ORDER
24 ACT, 1991 PA 46, MCL 38.1704.

25 (D) EXCEPT AS OTHERWISE PROVIDED IN AN APPLICABLE COLLECTIVE
26 BARGAINING AGREEMENT, THE RETIRANT FILES A WRITTEN REQUEST WITH THE
27 RETIREMENT SYSTEM TO SELECT THE OPTIONAL FORM OF BENEFIT PAYMENT

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

9 (E) A SPOUSE WHO IS ADDED AS A SURVIVOR UNDER THIS SUBSECTION
10 IS NOT ELIGIBLE FOR THE PAYMENT OF INSURANCE PREMIUMS UNDER SECTION
11 42.

12 (12) THE RETIREMENT ALLOWANCE OF THE RETIRANT WHO MAKES AN
13 ELECTION UNDER SUBSECTION (10) OR (11) MUST NOT BE GREATER THAN THE
14 ACTUARIAL EQUIVALENT OF THE RETIREMENT ALLOWANCE AS DETERMINED BY
15 THE RETIREMENT BOARD THAT THE RETIRANT WOULD OTHERWISE BE ENTITLED
16 TO UNDER SUBSECTION (4) (A) AND MUST BECOME EFFECTIVE THE FIRST DAY
17 OF THE MONTH FOLLOWING THE FILING OF THE WRITTEN REQUEST WITH THE
18 RETIREMENT SYSTEM.

19 (13) FOR PURPOSES OF DETERMINING ACTUARIAL EQUIVALENT
20 RETIREMENT ALLOWANCES UNDER THIS SECTION, THE ACTUARIALLY ASSUMED
21 INTEREST RATE IS DETERMINED BY THE DIRECTOR OF THE DEPARTMENT AND
22 THE RETIREMENT BOARD IN CONSULTATION WITH THE ACTUARY WITH
23 UTILIZATION OF THE MORTALITY TABLES ADOPTED BY THE DEPARTMENT AND
24 THE RETIREMENT BOARD.

25 (14) IF THE RETIRANT DIES NO LATER THAN 12 MONTHS AFTER THE
26 EFFECTIVE DATE OF HIS OR HER ELECTION UNDER SUBSECTION (8), (10),
27 OR (11), THE RETIREMENT ALLOWANCE FOR THE SURVIVING SPOUSE

1 ESTABLISHED UNDER SUBSECTION (8), (10), OR (11) MUST TERMINATE 12
2 MONTHS AFTER THE DEATH OF THE RETIRANT.

3 (15) UNLESS OTHERWISE PROVIDED IN AN APPLICABLE COLLECTIVE
4 BARGAINING AGREEMENT, OR BY ORDER OF THE DIRECTOR OF THE DEPARTMENT
5 OF STATE POLICE, A RETIREMENT ALLOWANCE MUST NOT BE PAID UNDER THIS
6 SECTION IF AT THE TIME THE MEMBER SUBMITS HIS RETIREMENT
7 APPLICATION THE MEMBER IS ON SUSPENSION WITHOUT PAY FOR CONDUCT
8 INVOLVING THE BREACH OF THE PUBLIC TRUST.

9 SEC. 24B. THE CALCULATION OF A RETIREMENT ALLOWANCE UNDER THIS
10 ACT FOR A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,
11 2012 INCLUDES ONLY THE FOLLOWING, AS APPLICABLE:

12 (A) 2% OF FINAL AVERAGE COMPENSATION MULTIPLIED BY YEARS OF
13 SERVICE THAT DO NOT EXCEED 25 YEARS.

14 (B) FOR EACH YEAR OF SERVICE THAT EXCEEDS 25 YEARS, THE 2%
15 PROVIDED UNDER THIS SECTION MUST BE REDUCED BY 40 BASIS POINTS FOR
16 THAT APPLICABLE YEAR UNTIL THE PERCENTAGE REACHES 0% AFTER YEARS OF
17 SERVICE HAVE EXCEEDED 30 YEARS.

18 Sec. 25. (1) ~~A~~ EXCEPT AS PROVIDED IN SECTION 24(4) AND SUBJECT
19 TO SUBSECTION (4), THE RETIREMENT SYSTEM SHALL PAY A retirement
20 allowance ~~shall be paid to~~ the surviving spouse of a member ~~of the~~
21 ~~retirement system~~ who, while in the discharge of his or her duty,
22 is killed or receives injuries or contracts a disease or illness,
23 by reason of his or her occupation, ~~which~~ THAT results in his or
24 her death. The retirement allowance ~~shall~~ MUST be equal to 60% of
25 the member's final average compensation. ~~Upon~~ ON the death of the
26 surviving spouse, or if there is no surviving spouse at the time of
27 the death of the member, the ~~pension shall~~ RETIREMENT ALLOWANCE

1 **MUST** be paid to the children of the member under the age of 18
2 years, share and share alike. When each respective child attains
3 the age of 18 years, payment to him or her ~~shall~~**MUST** cease and his
4 or her share ~~shall~~**MUST** be prorated among the remaining children
5 under 18 years of age. If there is a retirement allowance payable
6 to a surviving spouse under this section, a retirement allowance of
7 \$100.00 per month ~~shall~~**MUST** be paid to each of the children under
8 the age of 18 years, if any, of the deceased member, and all
9 payments to the children ~~shall~~**MUST** continue until each respective
10 child reaches the age of 18 years. If there is not a surviving
11 spouse, nor children under the age of 18 years, ~~then~~a retirement
12 allowance equal to 60% of the member's final average compensation
13 ~~shall~~**MUST** be paid to the mother or father, or both, of the member,
14 if dependent on him or her for support, until the dependency
15 ceases. If there is not a dependent mother or father, a retirement
16 allowance of \$100.00 per month ~~shall~~**MUST** be paid to each of the
17 sisters or brothers, if there are any under 18 years of age
18 dependent upon the member for support. If there are not any
19 dependents, ~~then~~there ~~shall~~**MUST** be paid to the deceased member's
20 estate any residual accumulated contributions and interest made by
21 him or her into the reserve for employee contributions, or
22 \$1,500.00, whichever is greater.

23 (2) The supplements to retirement allowances and minimum
24 annual retirement allowance provisions of this act ~~shall~~**DO** not
25 apply to the special \$100.00 per month allowance to children and
26 the allowance to dependent parents and siblings.

27 ~~(3) When an active or retired member is killed or dies from~~

1 ~~injuries, disease, or illness, contracted by reason of his or her~~
2 ~~occupation as a member of the department of state police, the~~
3 ~~retirement board shall provide a sum not to exceed \$1,500.00 from~~
4 ~~the reserve for casualty experience for funeral expenses.~~

5 (3) ~~(4)~~—The retirement allowance payable under this section,
6 when added to the statutory worker's compensation benefits
7 applicable in the case, shall ~~shall~~ **MUST** not exceed the average annual
8 salary paid to the member for the member's last 2 years of service
9 with the department of state police ~~prior to~~ **BEFORE** his or her
10 death.

11 (4) **FOR A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE**
12 **10, 2012, WHO WHILE IN THE DISCHARGE OF HIS OR HER DUTY IS KILLED**
13 **OR RECEIVES INJURIES OR CONTRACTS A DISEASE OR ILLNESS, BY REASON**
14 **OF HIS OR HER OCCUPATION, THAT RESULTS IN HIS OR HER DEATH, A**
15 **RETIREMENT ALLOWANCE MUST BE PAID IN THE SAME MANNER AS PROVIDED**
16 **FOR A DUTY DISABLED RETIRANT UNDER SECTION 26. THE RETIREMENT**
17 **ALLOWANCE PAYABLE UNDER THIS SECTION TO A DULY DESIGNATED SURVIVOR**
18 **BENEFICIARY OF A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE**
19 **10, 2012 MUST BE OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE**
20 **EMPLOYER-FUNDED PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH OF**
21 **THE EMPLOYER-FUNDED PORTION OF THE MEMBER'S DEFINED CONTRIBUTION**
22 **ACCOUNT BALANCE.**

23 (5) **A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED**
24 **MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,**
25 **2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS**
26 **SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42**
27 **IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO**

1 **FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012.**

2 Sec. 26. (1) ~~A~~**EXCEPT AS PROVIDED IN SECTION 24(4) AND SUBJECT**
3 **TO SUBSECTION (5), A** member who retires due to duty incurred
4 disability after September 30, 1986, is entitled to receive a
5 retirement allowance equal to 60% of the member's final average
6 compensation.

7 (2) If a retirant receiving a retirement allowance under this
8 section dies, the **RETIREMENT SYSTEM SHALL CONTINUE TO PAY THE**
9 retirement allowance ~~shall continue to be paid to~~ the surviving
10 spouse of the deceased retirant for the rest of the spouse's life.

11 (3) For purposes of this section, if there is no surviving
12 spouse or ~~upon~~**ON** the spouse's death, the retirement allowance
13 ~~shall~~**MUST** be paid to the children under the age of 18 of the
14 member, share and share alike. If there are no eligible children
15 remaining after the spouse's death, there ~~shall~~**MUST** be paid to the
16 deceased member's estate any residual accumulated contributions and
17 interest made by him or her into the reserve for employee
18 contributions.

19 (4) The retirement allowance payable under this section, when
20 added to the statutory worker's compensation benefits applicable in
21 the case, ~~shall~~**MUST** not exceed the average annual salary paid to
22 the member for the member's last 2 years of service with the
23 department of state police before the duty disability retirement
24 allowance effective date.

25 **(5) THE RETIREMENT ALLOWANCE PAYABLE UNDER THIS SECTION TO A**
26 **MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10, 2012 MUST BE**
27 **OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE EMPLOYER-FUNDED**

1 PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH OF THE EMPLOYER-
 2 FUNDED PORTION OF THE MEMBER'S DEFINED CONTRIBUTION ACCOUNT
 3 BALANCE.

4 (6) A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED
 5 MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,
 6 2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS
 7 SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42
 8 IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO
 9 FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012. A MEMBER WHO IS
 10 ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42 AS
 11 DESCRIBED IN THIS SUBSECTION IS NOT VESTED IN ANY EMPLOYER
 12 CONTRIBUTIONS UNDER SECTION 42A(1).

13 Sec. 27. (1) ~~IF~~ EXCEPT AS PROVIDED IN SECTION 24(4) AND
 14 SUBJECT TO SUBSECTION (3), IF a member continues as a member of the
 15 retirement system on or after the date he or she acquires 10 years
 16 of service credit and suffers a nonduty related death leaving a
 17 surviving spouse ~~prior to~~ BEFORE the effective date of the member's
 18 retirement, while a member of the retirement system, the surviving
 19 spouse ~~shall be~~ IS entitled to receive a retirement allowance equal
 20 to 2.4% of the member's final average compensation times the number
 21 of years, including any fraction of a year, of service credited to
 22 the member ~~pursuant to~~ UNDER this act or former Act No. 251 of the
 23 ~~Public Acts of 1935, 1935 PA 251~~, or both, but not to exceed 25
 24 years, as if the member had retired effective the day preceding the
 25 date of death and nominated the spouse as beneficiary. If there is
 26 not a surviving spouse, or ~~upon~~ ON the spouse's death, ~~then~~ the
 27 retirement allowance ~~shall~~ MUST be paid to the children under the

1 age of 18 years of the member, share and share alike. ~~Upon~~**ON** the
 2 spouse's death, if there are not eligible children, there ~~shall~~
 3 **MUST** be paid to the deceased member's estate any residual
 4 accumulated contributions and interest made by him or her into the
 5 reserve for employee contributions. A retirement allowance ~~shall~~**IS**
 6 not ~~be~~ payable under this section if a retirement allowance is
 7 payable under any other section of this act.

8 (2) Payment of the retirement allowance ~~shall~~**MUST** begin the
 9 first day of the calendar month next following the month in which
 10 the member died.

11 (3) **THE RETIREMENT ALLOWANCE PAYABLE UNDER THIS SECTION TO A**
 12 **MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10, 2012 MUST BE**
 13 **OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE EMPLOYER-FUNDED**
 14 **PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH OF ANY EMPLOYER**
 15 **CONTRIBUTIONS MADE UNDER SECTION 15A AND FORFEITS THE CONTRIBUTIONS**
 16 **AND EARNINGS ON THE CONTRIBUTIONS.**

17 (4) **A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED**
 18 **MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,**
 19 **2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS**
 20 **SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42**
 21 **IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO**
 22 **FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012. A MEMBER WHO IS**
 23 **ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42 AS**
 24 **DESCRIBED IN THIS SUBSECTION IS NOT VESTED IN ANY EMPLOYER**
 25 **CONTRIBUTIONS UNDER SECTION 42A(1) .**

26 Sec. 28. (1) ~~A~~**EXCEPT AS PROVIDED IN SECTION 24(4) AND SUBJECT**
 27 **TO SUBSECTION (3), A** member who retires due to nonduty incurred

1 disability on or after the effective date of this act and after
2 completing 10 years of credited service under this act or former
3 ~~Act No. 251 of the Public Acts of 1935, 1935 PA 251~~, or both, shall
4 ~~be~~ **IS** entitled to receive a retirement allowance equal to 2.4% of
5 the member's final average compensation times the number of years,
6 including any fraction of a year, of service credited to the member
7 pursuant to this act or former ~~Act No. 251 of the Public Acts of~~
8 ~~1935, 1935 PA 251~~, or both, but not to exceed 25 years, during the
9 period of disability. ~~If~~ **EXCEPT AS PROVIDED IN SECTION 24(4), IF** a
10 retirant receiving a retirement allowance under this section dies,
11 the retirement allowance ~~shall~~ **MUST** continue to be paid to the
12 surviving spouse for the rest of the spouse's life in an amount
13 equal to the retirement allowance ~~which~~ **THAT** the member was
14 receiving on the date of his or her death.

15 (2) For purposes of this section, if there is no surviving
16 spouse or ~~upon~~ **ON** the spouse's death, ~~then~~ the retirement allowance
17 ~~shall~~ **MUST** be paid to the children under the age of 18 of the
18 member, share and share alike. If there are no eligible children
19 remaining after the spouse's death, ~~then~~ there ~~shall~~ **MUST** be paid
20 to the deceased member's estate any residual accumulated
21 contributions and interest made by him or her into the reserve for
22 employee contributions.

23 **(3) THE RETIREMENT ALLOWANCE PAYABLE UNDER THIS SECTION MUST**
24 **BE OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE EMPLOYER-**
25 **FUNDED PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH**
26 **AND EMPLOYER CONTRIBUTIONS MADE UNDER SECTION 15A AND EARNINGS ON**
27 **THE CONTRIBUTIONS.**

1 (4) A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED
2 MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,
3 2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS
4 SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42
5 IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO
6 FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012. A MEMBER WHO IS
7 ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42 AS
8 DESCRIBED IN THIS SUBSECTION IS NOT VESTED IN ANY EMPLOYER
9 CONTRIBUTIONS UNDER SECTION 42A(1).

10 Sec. 32. (1) A member of ~~this~~**THE** retirement system who has
11 accumulated 10 or more years of retirement system service credit
12 under this act or former Act No. 251 of the Public Acts of 1935,
13 **1935 PA 251**, or both, and who, while an employee of the department
14 of state police, was or is drafted, enlisted, inducted, or
15 commissioned into active duty with the military, naval, marine, or
16 other armed service of the United States government and who is
17 accepted for reemployment as an employee of the department of state
18 police who subscribes to the constitutional oath of office within 6
19 months following discharge from active service, or if hospitalized
20 at date of discharge, is accepted for reemployment as an employee
21 of the department who subscribes to the constitutional oath of
22 office within 6 months following release from the military
23 facility, ~~shall have~~**HAS** not more than 2 years of the active
24 service credited as a member of the retirement system, in the same
25 manner as if the member had served uninterruptedly. During the
26 period of active service, and until reemployment, the member's
27 contributions to the reserve for employee contributions ~~shall~~**MUST**

1 be suspended and the member's balance in his or her account
2 standing to the member's credit as of the last payroll date
3 preceding the member's leave of absence ~~shall~~**MUST** be accumulated
4 at regular interest. If the member withdraws all or part of the
5 accumulated contributions from his or her account, the active
6 service ~~shall~~**MUST** not be credited until the member returns to the
7 reserve for employee contributions those amounts withdrawn,
8 together with regular interest computed from the date of withdrawal
9 to the date of repayment.

10 (2) A member of this retirement system who does not meet the
11 requirements of subsection (1) and who was drafted, enlisted,
12 inducted, or commissioned into active duty with the military or
13 other armed service of the United States government may elect to
14 receive service credit for not more than 2 years of active duty
15 upon request and payment to the retirement system of an amount
16 equal to 5% of the member's full-time compensation for the fiscal
17 year in which the payment is made multiplied by the years and
18 months the member elects to purchase up to the maximum. **FOR THE**
19 **PURPOSES OF COMPUTING PAYMENT UNDER THIS SUBSECTION, THE**
20 **COMPENSATION AMOUNT USED MUST NOT BE LESS THAN THE HIGHEST FISCAL**
21 **YEAR COMPENSATION PREVIOUSLY RECEIVED BY THE MEMBER.** Service ~~shall~~
22 **MUST** not be credited if the service is or would be credited under
23 any other federal, state, or local publicly supported retirement
24 system, but this restriction ~~shall~~**DOES** not apply to those persons
25 who have or will have acquired retirement eligibility under the
26 federal government for service in the reserve. Armed service ~~shall~~
27 **MUST** not be credited under this subsection until the member has

1 accumulated 10 years of credited service, of which the last 5 are
2 continuous.

3 (3) Service credit may be purchased under this section instead
4 of, but not in addition to, purchasing service credit under section
5 33.

6 Sec. 33. (1) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A**
7 member may elect to purchase service credit for not more than 2
8 years of full-time service as a volunteer in the VISTA program
9 provided for under sections 101 to 108 of title I of Public Law 93-
10 113, 42 ~~U.S.C.~~**USC** 4951 to 4958, or as a volunteer, volunteer
11 leader, or employee in the Peace Corps under sections 5 to 7 of
12 title I of Public Law 87-293, 22 ~~U.S.C.~~**USC** 2504 to 2506, ~~upon~~**ON**
13 request and presentation of documentation of the employment
14 rendered ~~which~~**THAT** is verifiable from official reporting unit
15 records or other acceptable documentation as determined by the
16 retirement board, and ~~upon~~**ON** payment to the retirement system of
17 an amount ~~which~~**THAT** is equal to the actuarial cost of the service.
18 For the purpose of computing payment under this subsection, the
19 compensation amount used ~~shall~~**MUST** not be less than the highest
20 fiscal year compensation previously received by the member.

21 (2) Service ~~shall~~**MUST** not be credited under this section
22 until the member has accumulated 10 years of credited service.

23 (3) Service credit purchased under this section ~~shall~~**IS** not
24 ~~be~~ creditable toward retirement under this act if the member is or
25 will be receiving a pension or annuity for the same service from
26 another retirement system.

27 (4) ~~Service~~**A MEMBER MAY PURCHASE** credit ~~may be purchased~~

1 under this section instead of, but not in addition to, purchasing
2 service credit under section 32.

3 **(5) A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JUNE 10,**
4 **2012 IS NOT ELIGIBLE TO PURCHASE SERVICE UNDER THIS SECTION.**

5 Sec. 34. (1) ~~A~~**EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A**
6 member who left or leaves service as an employee of the department
7 of state police for purposes of maternity or paternity or child
8 rearing, and returns to service as an employee of the department of
9 state police, without other intervening employment of more than 20
10 hours per week for each week for which service credit is claimed,
11 may purchase service credit for the time period or periods during
12 which the ~~person~~**INDIVIDUAL** was separated from service as an
13 employee of the department of state police ~~upon~~**ON** request and
14 payment to the board of an amount determined by the board to be the
15 actuarial cost. The total service credited under this section ~~shall~~
16 **MUST** not exceed 2 years. A member requesting purchase of service
17 credit under this section shall certify to the board the purpose
18 for which the member took leave and was separated from service as
19 an employee of the department of state police.

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

23 (3) If a member who made payment under this section dies and a
24 retirement allowance beneficiary has not been designated, or if the
25 member leaves employment before his or her retirement becomes
26 effective, the payment made by the member ~~shall~~**MUST** be refunded
27 ~~upon~~**ON** request to the member or to the member's legal

1 representative.

2 (4) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A** member
3 who reduces hours of employment with the department of state police
4 for purposes of maternity, paternity, or child rearing may purchase
5 service credit for those hours by which employment was reduced if
6 all other requirements of this section are met.

7 **(5) A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JUNE 10,**
8 **2012 IS NOT ELIGIBLE TO PURCHASE SERVICE UNDER THIS SECTION.**

9 Sec. 42. (1) Hospitalization and medical coverage insurance
10 premiums payable by a retirant or his or her retirement allowance
11 beneficiary and his or her dependents under any group health plan
12 authorized by the Michigan civil service commission and the
13 department ~~shall~~ **MUST** be paid in amounts provided by this
14 subsection from appropriations for this purpose made to the
15 retirement system. Until October 1, 1989, the amount payable by the
16 retirement system ~~shall~~ **MUST** be 90% of the entire monthly premium
17 payable for hospitalization and medical coverage insurance.
18 Beginning October 1, 1989, the amount payable by the retirement
19 system ~~shall~~ **MUST** be 95% of the entire monthly premium payable for
20 hospitalization and medical coverage insurance.

21 (2) Effective October 1, 1989, dental coverage and vision
22 coverage insurance premiums payable by a retirant or his or her
23 retirement allowance beneficiary and his or her dependents under
24 any group health plan authorized by the Michigan civil service
25 commission and the department ~~shall~~ **MUST** be paid in amounts
26 provided by this subsection from appropriations for this purpose
27 made to the retirement system. The amount payable by the retirement

1 system ~~shall~~**MUST** be 90% of the entire monthly premium payable for
2 dental coverage and vision coverage insurance.

3 (3) The health-dental-vision benefits fund is created and
4 ~~shall be~~**IS** the fund into which appropriations of ~~the~~**THIS** state
5 for health, dental, and vision benefits are paid. Benefits payable
6 ~~pursuant to~~**UNDER** subsections (1) and (2) ~~shall be~~**ARE** payable from
7 the health-dental-vision benefits fund. The assets and any earnings
8 on the assets contained in the health-dental-vision benefits fund
9 and the health advance funding subaccount are not to be treated as
10 pension assets. ~~for any purpose.~~

11 (4) The health advance funding subaccount is the account to
12 which amounts transferred ~~pursuant to~~**UNDER** section 14(3) are
13 credited. Any amounts received from the health advance funding
14 subaccount and accumulated earnings on those amounts ~~shall~~**MUST** not
15 be expended until the actuarial accrued liability for health
16 benefits under this section is at least 100% funded. The department
17 may expend funds or transfer funds to another account to expend for
18 health benefits under this section if the actuarial accrued
19 liability for health benefits under this section is at least 100%
20 funded.

21 (5) Notwithstanding any other provision of this section, the
22 department may transfer amounts from the health advance funding
23 subaccount to the reserve for employer contributions created by
24 section 16 if the actuarial valuation prepared ~~pursuant to~~**UNDER**
25 section 14 demonstrates that, as of the beginning of a fiscal year,
26 and after all credits and transfers required by this act for the
27 previous fiscal year have been made, the sum of the actuarial value

1 of assets and the actuarial present value of future normal cost
2 contributions does not exceed the actuarial present value of
3 benefits.

4 (6) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 25 TO 28, THIS
5 SECTION DOES NOT APPLY TO A MEMBER WHO FIRST BECOMES A MEMBER ON OR
6 AFTER JUNE 10, 2012.

7 SEC. 42A. (1) A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER
8 JUNE 10, 2012 MUST NOT RECEIVE ANY HEALTH INSURANCE COVERAGE
9 PREMIUM FROM THE RETIREMENT SYSTEM UNDER SECTION 42. IN LIEU OF ANY
10 HEALTH INSURANCE COVERAGE PREMIUM THAT MIGHT HAVE BEEN PAID BY THE
11 RETIREMENT SYSTEM UNDER SECTION 42, A MEMBER'S EMPLOYER SHALL MAKE
12 A MATCHING CONTRIBUTION UP TO 2% OF THE MEMBER'S COMPENSATION TO
13 THE TIER 2 PLAN FOR EACH MEMBER WHO FIRST BECOMES A MEMBER ON OR
14 AFTER JUNE 10, 2012. A MATCHING CONTRIBUTION UNDER THIS SUBSECTION
15 MUST NOT BE USED AS THE BASIS FOR A LOAN FROM AN EMPLOYEE'S TIER 2
16 ACCOUNT.

17 (2) A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,
18 2012 MAY MAKE A CONTRIBUTION UP TO 2% OF THE MEMBER'S COMPENSATION
19 TO A TIER 2 ACCOUNT. A MEMBER DESCRIBED IN THIS SUBSECTION MAY MAKE
20 ADDITIONAL CONTRIBUTIONS TO HIS OR HER TIER 2 ACCOUNT AS PERMITTED
21 BY THE DEPARTMENT AND THE INTERNAL REVENUE CODE.

22 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, A MEMBER
23 IS VESTED IN EMPLOYER CONTRIBUTIONS MADE TO HIS OR HER TIER 2
24 ACCOUNT UNDER SUBSECTIONS (1) AND (2) ACCORDING TO THE VESTING
25 PROVISIONS UNDER SECTION 42B(2). A MEMBER WHO IS ELIGIBLE FOR
26 HEALTH INSURANCE COVERAGE UNDER SECTION 42 OR AS A RESULT OF
27 BENEFITS PROVIDED UNDER SECTIONS 25 TO 28 IS NOT VESTED IN ANY

1 EMPLOYER CONTRIBUTIONS UNDER SUBSECTION (1) AND FORFEITS THE
2 CONTRIBUTIONS AND EARNINGS ON THE CONTRIBUTIONS.

3 (4) THE CONTRIBUTIONS DESCRIBED IN THIS SECTION MUST BEGIN
4 WITH THE FIRST PAYDAY AFTER THE MEMBER IS EMPLOYED AND END ON HIS
5 OR HER TERMINATION OF EMPLOYMENT.

6 (5) AN INDIVIDUAL WHO WAS A FORMER MEMBER ON JUNE 9, 2012 AND
7 WHO IS REEMPLOYED BY THE DEPARTMENT OF STATE POLICE AND WHO
8 SUBSCRIBES TO THE CONSTITUTIONAL OATH OF OFFICE AFTER JUNE 10, 2012
9 IS TREATED IN A MANNER AS DETERMINED BY THE RETIREMENT SYSTEM IN
10 CONSULTATION WITH THE OFFICE OF STATE EMPLOYER.

11 (6) IN LIEU OF ANY OTHER HEALTH INSURANCE COVERAGE THAT MIGHT
12 HAVE BEEN PAID BY THE RETIREMENT SYSTEM, A \$2,000.00 CREDIT TO A
13 HEALTH REIMBURSEMENT ACCOUNT WITHIN THE TRUST CREATED UNDER THE
14 PUBLIC EMPLOYEE RETIREMENT HEALTH CARE FUNDING ACT, 2010 PA 77, MCL
15 38.2731 TO 38.2747, MUST BE MADE BY THE EMPLOYER FOR A MEMBER WHO
16 FIRST BECOMES A MEMBER ON OR AFTER JUNE 10, 2012 WHO HAS AT LEAST
17 10 YEARS OF SERVICE AT HIS OR HER FIRST TERMINATION OF EMPLOYMENT.

18 (7) THE RETIREMENT SYSTEM SHALL DETERMINE A METHOD TO
19 IMPLEMENT SUBSECTIONS (5) AND (6), INCLUDING A METHOD FOR CREDITING
20 THE AMOUNTS IN SUBSECTION (6) TO COMPLY WITH ANY AGREEMENTS BETWEEN
21 THE OFFICE OF STATE EMPLOYER AND MEMBERS, AND THE INTERNAL REVENUE
22 CODE, AS APPLICABLE.

23 SEC. 42B. (1) A QUALIFIED PARTICIPANT IS IMMEDIATELY 100%
24 VESTED IN HIS OR HER CONTRIBUTIONS MADE TO TIER 2.

25 (2) A QUALIFIED PARTICIPANT WHO IS A MEMBER OF TIER 1 VESTS IN
26 THE EMPLOYER CONTRIBUTIONS MADE ON HIS OR HER BEHALF TO TIER 2
27 ACCORDING TO THE FOLLOWING SCHEDULE:

1 (A) ON COMPLETION OF 2 YEARS OF SERVICE, 50%.

2 (B) ON COMPLETION OF 3 YEARS OF SERVICE, 75%.

3 (C) ON COMPLETION OF 4 YEARS OF SERVICE, 100%.

4 SEC. 60. NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE
5 DEPARTMENT SHALL IMPLEMENT THE TIER 2 PLAN AS SOON AS
6 ADMINISTRATIVELY FEASIBLE, BUT NOT LATER THAN SEPTEMBER 30, 2019.

7 SEC. 61. FOR THE PURPOSES OF THIS SECTION AND SECTIONS 62 TO
8 74, THE WORDS AND PHRASES DEFINED IN SECTIONS 62 TO 64 HAVE THE
9 MEANINGS ASCRIBED TO THEM IN THOSE SECTIONS.

10 SEC. 62. (1) "ACCUMULATED BALANCE" MEANS THE TOTAL BALANCE IN
11 A QUALIFIED PARTICIPANT'S, FORMER QUALIFIED PARTICIPANT'S, OR
12 REFUND BENEFICIARY'S INDIVIDUAL ACCOUNT IN TIER 2.

13 (2) "COMPENSATION" MEANS THE REMUNERATION PAID TO A
14 PARTICIPANT ON ACCOUNT OF THE PARTICIPANT'S SERVICES RENDERED TO
15 HIS OR HER EMPLOYER EQUAL TO THE SUM OF THE FOLLOWING:

16 (A) A PARTICIPANT'S W-2 EARNINGS FOR SERVICES PERFORMED FOR
17 THE EMPLOYER.

18 (B) ANY AMOUNT CONTRIBUTED OR DEFERRED AT THE ELECTION OF THE
19 PARTICIPANT THAT IS EXCLUDED FROM GROSS INCOME UNDER SECTION 125,
20 132(F)(4), 401(K), 403(B), OR 457 OF THE INTERNAL REVENUE CODE, 26
21 USC 125, 132, 401, 403, AND 457.

22 SEC. 63. (1) "EMPLOYER" MEANS THIS STATE.

23 (2) "FORMER QUALIFIED PARTICIPANT" MEANS AN INDIVIDUAL WHO WAS
24 A QUALIFIED PARTICIPANT AND WHO TERMINATES THE EMPLOYMENT ON WHICH
25 HIS OR HER PARTICIPATION IS BASED FOR ANY REASON.

26 SEC. 64. (1) "PLAN DOCUMENT" MEANS THE DOCUMENT THAT CONTAINS
27 THE PROVISIONS AND PROCEDURES OF TIER 2 IN CONFORMITY WITH THIS ACT

1 AND THE INTERNAL REVENUE CODE.

2 (2) "REFUND BENEFICIARY" MEANS AN INDIVIDUAL NOMINATED BY A
3 QUALIFIED PARTICIPANT OR A FORMER QUALIFIED PARTICIPANT UNDER
4 SECTION 72 TO RECEIVE A DISTRIBUTION OF THE PARTICIPANT'S
5 ACCUMULATED BALANCE IN THE MANNER PRESCRIBED IN SECTION 73.

6 SEC. 65. (1) THE DEPARTMENT SHALL ADMINISTER TIER 2 AND SHALL
7 BE THE FIDUCIARY AND TRUSTEE OF TIER 2. THE DEPARTMENT MAY APPOINT
8 AN ADVISORY BOARD TO ASSIST THE DEPARTMENT IN CARRYING OUT ITS
9 DUTIES AS FIDUCIARY AND TRUSTEE. THE DEPARTMENT AND THE STATE
10 TREASURER SHALL COMPLY WITH EXECUTIVE REORGANIZATION ORDER NO.
11 1999-5, MCL 38.2721, IN THE ADMINISTRATION OF TIER 2.

12 (2) THE DEPARTMENT SHALL DETERMINE THE PROVISIONS AND
13 PROCEDURES OF TIER 2 AND THE PLAN DOCUMENT IN CONFORMITY WITH THIS
14 ACT AND THE INTERNAL REVENUE CODE.

15 (3) THE DEPARTMENT HAS THE EXCLUSIVE AUTHORITY AND
16 RESPONSIBILITY TO EMPLOY OR CONTRACT WITH PERSONNEL AND FOR
17 SERVICES THAT THE DEPARTMENT DETERMINES NECESSARY FOR THE PROPER
18 ADMINISTRATION OF AND INVESTMENT OF ASSETS OF TIER 2, INCLUDING,
19 BUT NOT LIMITED TO, MANAGERIAL, PROFESSIONAL, LEGAL, CLERICAL,
20 TECHNICAL, AND ADMINISTRATIVE PERSONNEL OR SERVICES.

21 SEC. 66. (1) A QUALIFIED PARTICIPANT, FORMER QUALIFIED
22 PARTICIPANT, OR REFUND BENEFICIARY MAY REQUEST A HEARING ON A CLAIM
23 INVOLVING HIS OR HER RIGHTS UNDER TIER 2. ON WRITTEN REQUEST, THE
24 DEPARTMENT SHALL PROVIDE FOR A HEARING THAT MUST BE CONDUCTED UNDER
25 CHAPTER 4 OF THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA
26 306, MCL 24.271 TO 24.288. AN INDIVIDUAL MAY BE REPRESENTED BY
27 COUNSEL OR OTHER AUTHORIZED AGENT AT A HEARING CONDUCTED UNDER THIS

1 SECTION.

2 (2) CHAPTERS 2, 3, AND 5 OF THE ADMINISTRATIVE PROCEDURES ACT
3 OF 1969, 1969 PA 306, MCL 24.224 TO 24.266 AND 24.291 TO 24.292, DO
4 NOT APPLY TO THE ESTABLISHMENT, IMPLEMENTATION, ADMINISTRATION,
5 OPERATION, INVESTMENT, OR DISTRIBUTION OF TIER 2.

6 SEC. 67. EACH QUALIFIED PARTICIPANT, FORMER QUALIFIED
7 PARTICIPANT, AND REFUND BENEFICIARY SHALL DIRECT THE INVESTMENT OF
8 THE INDIVIDUAL'S ACCUMULATED EMPLOYER AND EMPLOYEE CONTRIBUTIONS
9 AND EARNINGS TO 1 OR MORE INVESTMENT CHOICES WITHIN AVAILABLE
10 CATEGORIES OF INVESTMENT PROVIDED BY THE DEPARTMENT. THE
11 LIMITATIONS ON THE PERCENTAGE OF TOTAL ASSETS FOR INVESTMENTS
12 PROVIDED IN THE PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT ACT,
13 1965 PA 314, MCL 38.1132 TO 38.1141, DO NOT APPLY TO TIER 2.

14 SEC. 68. THE ADMINISTRATIVE EXPENSES OF TIER 2 MUST BE PAID BY
15 THE QUALIFIED PARTICIPANTS, FORMER QUALIFIED PARTICIPANTS, AND
16 REFUND BENEFICIARIES WHO HAVE NOT CLOSED THEIR ACCOUNTS IN A MANNER
17 DETERMINED BY THE DEPARTMENT.

18 SEC. 69. A QUALIFIED PARTICIPANT SHALL NOT PARTICIPATE IN ANY
19 OTHER PUBLIC SECTOR RETIREMENT BENEFITS PLAN FOR SIMULTANEOUS
20 SERVICE RENDERED TO THE SAME PUBLIC SECTOR EMPLOYER. EXCEPT AS
21 OTHERWISE PROVIDED IN THIS ACT OR BY THE DEPARTMENT, THIS SECTION
22 DOES NOT PROHIBIT A QUALIFIED PARTICIPANT FROM PARTICIPATING IN A
23 RETIREMENT PLAN ESTABLISHED BY THIS STATE OR OTHER PUBLIC SECTOR
24 EMPLOYER UNDER THE INTERNAL REVENUE CODE. FOR THE PURPOSES OF THIS
25 SECTION, "PUBLIC SECTOR EMPLOYER" INCLUDES, BUT IS NOT LIMITED TO,
26 A REPORTING UNIT.

27 SEC. 70. (1) THIS SECTION IS SUBJECT TO THE VESTING

1 REQUIREMENTS OF SECTION 42B.

2 (2) UNLESS THE QUALIFIED PARTICIPANT AFFIRMATIVELY ELECTS NOT
3 TO CONTRIBUTE OR ELECTS TO CONTRIBUTE A LESSER AMOUNT, THE
4 QUALIFIED PARTICIPANT SHALL CONTRIBUTE 2% OF HIS OR HER
5 COMPENSATION TO HIS OR HER TIER 2 ACCOUNT. THE QUALIFIED
6 PARTICIPANT'S EMPLOYER SHALL MAKE A CONTRIBUTION TO THE QUALIFIED
7 PARTICIPANT'S TIER 2 ACCOUNT IN AN AMOUNT EQUAL TO 50% OF THE FIRST
8 2% OF COMPENSATION CONTRIBUTION MADE BY THE QUALIFIED PARTICIPANT
9 UNDER THIS SUBSECTION.

10 (3) A QUALIFIED PARTICIPANT MAY MAKE CONTRIBUTIONS IN ADDITION
11 TO CONTRIBUTIONS MADE UNDER SUBSECTION (2) TO HIS OR HER TIER 2
12 ACCOUNT AS PERMITTED BY THE DEPARTMENT AND THE INTERNAL REVENUE
13 CODE.

14 SEC. 72. A QUALIFIED PARTICIPANT OR FORMER QUALIFIED
15 PARTICIPANT MAY NOMINATE 1 OR MORE INDIVIDUALS AS A REFUND
16 BENEFICIARY BY FILING WRITTEN NOTICE OF NOMINATION WITH THE
17 DEPARTMENT. IF THE QUALIFIED PARTICIPANT OR FORMER QUALIFIED
18 PARTICIPANT IS MARRIED AT THE TIME OF THE NOMINATION AND THE
19 PARTICIPANT'S SPOUSE IS NOT THE REFUND BENEFICIARY FOR 100% OF THE
20 ACCOUNT, THE NOMINATION IS NOT EFFECTIVE UNLESS THE NOMINATION IS
21 SIGNED BY THE PARTICIPANT'S SPOUSE IF THE SIGNATURE OF THE
22 PARTICIPANT'S SPOUSE IS REQUIRED BY THE PLAN DOCUMENT. HOWEVER, THE
23 DEPARTMENT MAY WAIVE THIS REQUIREMENT IF THE SPOUSE'S SIGNATURE
24 CANNOT BE OBTAINED BECAUSE OF EXTENUATING CIRCUMSTANCES.

25 SEC. 73. (1) A QUALIFIED PARTICIPANT IS ELIGIBLE TO RECEIVE
26 DISTRIBUTION OF HIS OR HER ACCUMULATED BALANCE IN TIER 2 UPON
27 BECOMING A FORMER QUALIFIED PARTICIPANT.

1 (2) UPON THE DEATH OF A QUALIFIED PARTICIPANT OR FORMER
2 QUALIFIED PARTICIPANT, THE ACCUMULATED BALANCE OF THAT DECEASED
3 PARTICIPANT IS CONSIDERED TO BELONG TO THE REFUND BENEFICIARY, IF
4 ANY, OF THAT DECEASED PARTICIPANT. IF A VALID NOMINATION OF REFUND
5 BENEFICIARY IS NOT ON FILE WITH THE DEPARTMENT, THE DEPARTMENT, IN
6 A LUMP SUM DISTRIBUTION, SHALL DISTRIBUTE THE ACCUMULATED BALANCE
7 IN ACCORDANCE WITH THE PLAN DOCUMENT.

8 (3) A FORMER QUALIFIED PARTICIPANT OR REFUND BENEFICIARY MAY
9 ELECT 1 OR A COMBINATION OF SEVERAL OF THE FOLLOWING METHODS OF
10 DISTRIBUTION OF THE ACCUMULATED BALANCE:

11 (A) A LUMP SUM DISTRIBUTION TO THE RECIPIENT.

12 (B) A LUMP SUM DIRECT ROLLOVER TO ANOTHER QUALIFIED PLAN, TO
13 THE EXTENT ALLOWED BY FEDERAL LAW.

14 (C) PERIODIC DISTRIBUTIONS, AS AUTHORIZED BY THE DEPARTMENT.

15 (D) NO CURRENT DISTRIBUTION, IN WHICH CASE THE ACCUMULATED
16 BALANCE SHALL REMAIN IN TIER 2 UNTIL THE FORMER QUALIFIED
17 PARTICIPANT OR REFUND BENEFICIARY ELECTS A METHOD OR METHODS OF
18 DISTRIBUTION UNDER SUBDIVISIONS (A) TO (C), TO THE EXTENT ALLOWED
19 BY FEDERAL LAW.

20 SEC. 74. (1) THE DEPARTMENT HAS THE RIGHT OF SETOFF TO RECOVER
21 OVERPAYMENTS MADE UNDER THIS ACT AND TO SATISFY ANY CLAIMS ARISING
22 FROM EMBEZZLEMENT OR FRAUD COMMITTED BY A QUALIFIED PARTICIPANT,
23 FORMER QUALIFIED PARTICIPANT, REFUND BENEFICIARY, OR OTHER PERSON
24 WHO HAS A CLAIM TO A DISTRIBUTION OR ANY OTHER BENEFIT FROM TIER 2.

25 (2) THE DEPARTMENT SHALL CORRECT ERRORS IN THE RECORDS AND
26 ACTIONS IN TIER 2 UNDER THIS ACT, AND SHALL SEEK TO RECOVER
27 OVERPAYMENTS AND SHALL MAKE UP UNDERPAYMENTS.

1 SEC. 75. (1) THERE IS APPROPRIATED FOR THE FISCAL YEAR ENDING
2 SEPTEMBER 30, 2019, \$535,000.00 TO THE OFFICE OF RETIREMENT
3 SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET
4 FOR ADMINISTRATION OF THE CHANGES UNDER THE AMENDATORY ACT THAT
5 ADDED THIS SECTION.

6 (2) THE APPROPRIATION AUTHORIZED IN SUBSECTION (1) IS A WORK
7 PROJECT APPROPRIATION AND ANY UNENCUMBERED OR UNALLOTTED FUNDS ARE
8 CARRIED FORWARD INTO THE FOLLOWING FISCAL YEAR. THE FOLLOWING IS IN
9 COMPLIANCE WITH SECTION 451A(1) OF THE MANAGEMENT AND BUDGET ACT,
10 1984 PA 431, MCL 18.1451A:

11 (A) THE PURPOSE OF THE PROJECT IS TO ADMINISTER CHANGES UNDER
12 THE AMENDATORY ACT THAT ADDED THIS SECTION.

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

15 (C) THE TOTAL ESTIMATED COMPLETION COST OF THE WORK PROJECT IS
16 \$535,000.00.

17 (D) THE ESTIMATED COMPLETION DATE FOR THE WORK PROJECT IS
18 SEPTEMBER 30, 2020.