

SUBSTITUTE FOR
HOUSE BILL NO. 5988

A bill to amend 1986 PA 182, entitled
"State police retirement act of 1986,"
by amending section 24 (MCL 38.1624), as amended by 2018 PA 674.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 24. (1) Except as provided in section 24b and subject to
2 subsection ~~(14)~~, **(15)**, a member who first became a member before
3 June 10, 2012 and who has 25 years or more of credited service
4 under this act or former 1935 PA 251, or both, may retire on ~~his or~~
5 ~~her~~ **the member's** written application to the retirement board,
6 stating a date, not less than 30 nor more than 90 days after the
7 execution and filing of the application, ~~he or she~~ **the member**
8 desires to retire. However, a member described in this subsection
9 who becomes 56 years of age shall retire. A member retiring under

1 this subsection is entitled to receive a retirement allowance equal
2 to 60% of ~~his or her~~ **the member's** final average compensation.

3 (2) Subject to subsection (4), if a retirant receiving a
4 retirement allowance under subsection (1) dies, the retirement
5 allowance must continue to be paid to the surviving spouse of the
6 retirant for the rest of the spouse's life. If there is not a
7 surviving spouse or on the spouse's death, the retirement allowance
8 must be paid to the children under the age of 18 of the retirant,
9 share and share alike. If the surviving spouse dies and there are
10 not eligible children, the retirement system shall pay to the
11 retirant's estate or ~~his or her~~ **the retirant's** legal representative
12 any residual accumulated contributions and interest made by the
13 retirant into the fund.

14 (3) If the director of the department of state police orders
15 the retirement of any member eligible to retire for **a** reason or
16 reasons other than having become 56 years of age ~~,~~ and that member
17 is aggrieved by the order, the member ~~affected by an order~~
18 ~~described in this subsection is entitled to~~ **may** appeal to the
19 retirement board. An appeal must be in writing and filed with the
20 retirement board within 30 days after receipt of the order of
21 retirement. The retirement board shall set the appeal for hearing
22 ~~within~~ **not later than** 30 days after the filing of the appeal and
23 shall review the facts as presented and determine whether the order
24 of retirement will continue or be revoked.

25 (4) A member who first becomes a member ~~on or after July 1,~~
26 **June 30,** 2006 as a new bargaining unit employee shall elect to
27 receive ~~his or her~~ **the member's** retirement allowance under 1 of the
28 payment options provided in this subsection. The election must be
29 in writing and filed with the retirement board at least 15 days

1 before the effective date of the retirement allowance except as
2 provided for a disability retirant under sections 26, 27, and 28.
3 The amount of retirement allowance under subdivision (b), (c), or
4 (d) ~~is~~ **must be** the actuarial equivalent of the amount of retirement
5 allowance under subdivision (a). ~~The~~ **Subject to subsection (5), the**
6 options are as follows:

7 (a) The retirant will be paid a straight retirement allowance
8 for life computed under section 24. An additional retirement
9 allowance payment will not be made on the retirant's death.

10 (b) The retirant will be paid a reduced retirement allowance
11 for life with a provision that on the retirant's death, payment of
12 the reduced retirement allowance will be continued throughout the
13 lifetime of the retirement allowance beneficiary whom the member or
14 deferred member designated in a writing filed with the retirement
15 board at the time of election of this option. A member or deferred
16 member may elect this option and designate a retirement allowance
17 beneficiary under the conditions set forth in subsection ~~(5)~~ **(6)**.

18 (c) A retirant ~~must~~ **will** be paid a reduced retirement
19 allowance for life with the provision that on the retirant's death,
20 payment of 1/2 of the reduced retirement allowance ~~is~~ **will be**
21 continued throughout the lifetime of the retirement allowance
22 beneficiary whom the member designated in a writing filed with the
23 retirement board at the time of election of the option.

24 (d) A retirant ~~must~~ **will** be paid a reduced retirement
25 allowance for life with the provision that on the retirant's death,
26 payment of 75% of the reduced retirement allowance ~~is~~ **will be**
27 continued throughout the lifetime of the retirement allowance
28 beneficiary whom the member designated in a writing filed with the
29 retirement board at the time of election of the option.

1 (5) If a retirement allowance beneficiary selected under
2 subsection (4) (a) to (d) is a beneficiary of a trust established
3 under 42 USC 1396p(d) (4) (A) or (C), the retirement allowance
4 payable to the retirement allowance beneficiary may be paid by the
5 retirement system to the trust on written direction to the
6 retirement system by the retirant or, after the retirant is
7 deceased, by the retirement allowance beneficiary or by the
8 retirement allowance beneficiary's legal representative if the
9 retirement allowance beneficiary is a minor or is incapacitated.

10 (6) ~~(5)~~—Except as otherwise provided in this section, the
11 retirement allowance beneficiary selected under subsection (4) (b),
12 (c), or (d) must not be changed on or after the effective date of
13 the retirement allowance and must be either a spouse, brother,
14 sister, parent, or child, including an adopted child, of the
15 member, deferred member, retiring member, or retiring deferred
16 member entitled to make the election under this act. Another
17 retirement allowance beneficiary must not be selected. If a member,
18 deferred member, retiring member, or retiring deferred member is
19 married at the retirement allowance effective date, an election
20 under subsection (4), other than an election under subsection
21 (4) (b), naming the spouse as retirement allowance beneficiary ~~is~~
22 not effective unless the election is signed by the spouse, except
23 that this requirement may be waived by the board if the signature
24 of a spouse cannot be obtained because of extenuating
25 circumstances. For purposes of this subsection, "spouse" means the
26 individual to whom the member, deferred member, retiring member, or
27 retiring deferred member is married at the retirement allowance
28 effective date. Payment to a retirement allowance beneficiary must
29 start the first day of the month following the retirant's death.

1 (7) ~~(6)~~—Except as otherwise provided in subsection ~~(9)~~, ~~(10)~~,
2 if the retirement allowance beneficiary selected under subsection
3 (4) (b), (c), or (d) predeceases the retirant, the retirant's
4 benefit must revert to a straight retirement allowance including
5 postretirement adjustments, if any; is effective the first of the
6 month following the death; and must be paid during the remainder of
7 the retirant's life.

8 (8) ~~(7)~~—If a retirant receiving a reduced retirement allowance
9 under subsection (4) (b), (c), or (d) is divorced from the spouse
10 who had been designated as the retirant's retirement allowance
11 beneficiary under subsection (4) (b), (c), or (d), the election of a
12 reduced retirement allowance payment option ~~is~~ **must be** considered
13 void by the retirement system if the judgment of divorce or award
14 or order of the court, or an amended judgment of divorce or award
15 or order of the court, described in the public employee retirement
16 benefit protection act, 2002 PA 100, MCL 38.1681 to 38.1689, and
17 dated after June 27, 1991 provides that the election of a reduced
18 retirement allowance payment option under subsection (4) (b), (c),
19 or (d) is to be considered void by the retirement system and the
20 retirant provides a certified copy of the judgment of divorce or
21 award or order of the court, or an amended judgment of divorce or
22 award or order of the court, to the retirement system. If the
23 election of a reduced retirement allowance payment option under
24 subsection (4) (b), (c), or (d) is considered void by the retirement
25 system under this subsection, the retirant's retirement allowance
26 must revert to a straight retirement allowance, including
27 postretirement adjustments, if any, subject to an award or order of
28 the court as described in the public employee retirement benefit
29 protection act, 2002 PA 100, MCL 38.1681 to 38.1689. The retirement

1 allowance must revert to a straight retirement allowance under this
2 subsection effective the first of the month after the date the
3 retirement system receives a certified copy of the judgment of
4 divorce or award or order of the court. This subsection does not
5 supersede a judgment of divorce or award or order of the court in
6 effect on June 27, 1991. This subsection does not require the
7 retirement system to distribute or pay retirement assets on behalf
8 of a retirant in an amount that exceeds the actuarially determined
9 amount that would otherwise become payable if a judgment of divorce
10 had not been rendered.

11 (9) ~~(8)~~—A retirant, who is divorced after payment of his or
12 her retirement allowance begins and whose former spouse is ~~his or~~
13 ~~her~~ **the retirant's** retirement allowance beneficiary, may change ~~his~~
14 ~~or her~~ **the retirant's** survivor option to the straight life option
15 only if an order of the court states that the election of a
16 survivor option under subsection (4) is considered void by the
17 retirement system. A retirant who subsequently remarries may elect
18 a survivor retirement allowance option for his or her spouse of
19 100%, 75%, or 50% of ~~his or her~~ **the retirant's** actuarially reduced
20 monthly payments, unless otherwise precluded by court order.

21 (10) ~~(9)~~—If the retirement allowance payments terminate before
22 an aggregate amount equal to the retirant's accumulated
23 contributions has been paid, the difference between the retirant's
24 accumulated contributions and the aggregate amount of retirement
25 allowance payments made must be paid to the person designated in a
26 writing filed with the retirement board on a form provided by the
27 retirement board. If the designated person does not survive the
28 retirant or retirement allowance beneficiary, the difference must
29 be paid to the deceased recipient's estate or to the legal

1 representative of the deceased recipient.

2 **(11)** ~~(10)~~ A retirant who selected a retirement allowance
3 beneficiary under subsection (4) (b), (c), or (d) may change ~~his or~~
4 ~~her~~ **the retirant's** retirement allowance beneficiary if all of the
5 following apply:

6 (a) The first retirement allowance beneficiary is a spouse.

7 (b) The first retirement allowance beneficiary predeceases the
8 retirant after the retirement allowance effective date.

9 (c) The retirant marries another spouse after the retirement
10 allowance effective date.

11 (d) Except as otherwise provided in an applicable collective
12 bargaining agreement, the retirant files a written request with the
13 retirement system to name ~~his or her~~ **the retirant's** current spouse
14 as a retirement allowance beneficiary not earlier than 180 days and
15 not later than 1 year after the marriage of the retirant and the
16 current spouse, except that a retirant whose first retirement
17 allowance beneficiary predeceases the retirant after the retirement
18 allowance effective date and before ~~the effective date of the~~
19 ~~amendatory act that added this subsection~~ **December 28, 2018** has 180
20 days from ~~the effective date of the amendatory act that added this~~
21 ~~subsection~~ **December 28, 2018** to file a written request with the
22 retirement system.

23 **(12)** ~~(11)~~ A retirant who was not married on ~~his or her~~ **the**
24 **retirant's** retirement allowance effective date and who did not
25 select a payment option provided in this section may select an
26 optional form of benefit payment under subsection (4) (b), (c), or
27 (d) and designate a retirement allowance beneficiary subject to all
28 of the following:

29 (a) The retirant marries after ~~his or her~~ **the retirant's**

1 retirement allowance effective date.

2 (b) The retirement allowance beneficiary is the retirant's
3 spouse.

4 (c) The retirement allowance beneficiary is only designated as
5 the retirement allowance beneficiary for that portion of the
6 retirant's retirement allowance that is not subject to an eligible
7 domestic relations order assigning a previous spouse a reduced
8 benefit under section 4(b) of the eligible domestic relations order
9 act, 1991 PA 46, MCL 38.1704.

10 (d) Except as otherwise provided in an applicable collective
11 bargaining agreement, the retirant files a written request with the
12 retirement system to select the optional form of benefit payment
13 under subsection (4) (b), (c), or (d) and to designate ~~his or her~~
14 **the retirant's** spouse as the retirement allowance beneficiary, not
15 earlier than 180 days and not later than 1 year after the
16 retirant's marriage except that a retirant who marries after the
17 retirement allowance effective date and before ~~the effective date~~
18 ~~of the amendatory act that added this subsection~~ **December 28, 2018**
19 has 180 days from ~~the effective date of the amendatory act that~~
20 ~~added this subsection~~ **December 28, 2018** to file a written request
21 with the retirement system.

22 (e) A spouse who is added as a survivor under this subsection
23 is not eligible for the payment of insurance premiums under section
24 42.

25 **(13)** ~~(12)~~ The retirement allowance of the retirant who makes
26 an election under subsection ~~(10) or~~ (11) **or (12)** must not be
27 greater than the actuarial equivalent of the retirement allowance
28 as determined by the retirement board that the retirant would
29 otherwise be entitled to under subsection (4) (a) and must become

1 effective the first day of the month following the filing of the
2 written request with the retirement system.

3 **(14)** ~~(13)~~ For purposes of determining actuarial equivalent
4 retirement allowances under this section, the actuarially assumed
5 interest rate is determined by the director of the department and
6 the retirement board in consultation with the actuary with
7 utilization of the mortality tables adopted by the department and
8 the retirement board.

9 **(15)** ~~(14)~~ If the retirant dies ~~no~~**not** later than 12 months
10 after the effective date of ~~his or her~~**the retirant's** election
11 under subsection ~~(8), (10), or (11),~~ **(9), (11), or (12)**, the
12 retirement allowance for the surviving spouse established under
13 subsection ~~(8), (10), (9), (11), or (11)~~**(12)** must terminate 12
14 months after the death of the retirant.

15 **(16)** ~~(15)~~ Unless otherwise provided in an applicable
16 collective bargaining agreement, or by order of the director of the
17 department of state police, a retirement allowance must not be paid
18 under this section if at the time the member submits his retirement
19 application the member is on suspension without pay for conduct
20 involving the breach of the public trust.