

**SUBSTITUTE FOR
SENATE BILL NO. 166**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 50b. (1) Subject to subsection (4), the retirement system**
2 **shall provide an opportunity for each eligible position qualified**
3 **participant on October 1, 2024 to elect in writing to terminate**
4 **being a qualified participant and elect to become a member of the**
5 **Michigan state police retirement system created under the state**
6 **police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674.**
7 **An election made by an eligible position qualified participant**
8 **under this subsection is irrevocable. The retirement system shall**

1 accept written elections under this subsection from eligible
2 position qualified participants beginning on January 2, 2025 and
3 ending at 5 p.m. Eastern Daylight Saving Time, June 6, 2025. An
4 eligible position qualified participant who does not make a written
5 election or who does not file the election during the period
6 specified in this subsection continues to be a qualified
7 participant. An eligible position qualified participant who makes
8 and files a written election under this subsection elects to do
9 both of the following:

10 (a) Cease to be a qualified participant effective 11:59 p.m.
11 Eastern Daylight Saving Time, June 7, 2025.

12 (b) Become a member of the Michigan state police retirement
13 system created under the state police retirement act of 1986, 1986
14 PA 182, MCL 38.1601 to 38.1674.

15 (2) After consultation with the retirement board, the
16 department of technology, management, and budget shall determine
17 the method by which an eligible position qualified participant may
18 make a written election under this section. If the eligible
19 position qualified participant is married at the time of the
20 election, the election is not effective unless the election is
21 signed by the individual's spouse. However, the retirement board
22 may waive this requirement if the spouse's signature cannot be
23 obtained because of extenuating circumstances.

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

26 (4) An eligible position qualified participant that is
27 described in section 55(2)(b) or (d) is not eligible to make an
28 election under this section.

29 (5) As used in this section:

1 (a) "Eligible position" means a position in the classified
2 civil service with a classification of any of the following:

3 (i) A position described in section 45(a) (i) or (iv) .

4 (ii) Corrections resident representative.

5 (iii) Corrections transportation officer.

6 (iv) Special alternative incarceration officer.

7 (v) Corrections medical officer.

8 (vi) Corrections medical unit officer.

9 (vii) Assistant deputy warden.

10 (viii) State deputy warden.

11 (ix) Senior executive warden.

12 (x) Forensic security assistant.

13 (b) "Eligible position qualified participant" means a
14 qualified participant who is employed in an eligible position.

15 Sec. 50c. (1) Subject to subsection (4), the retirement system
16 shall provide an opportunity for each conservation officer
17 qualified participant on October 1, 2024 to elect in writing to
18 terminate being a qualified participant and elect to become a
19 member of the Michigan state police retirement system created under
20 the state police retirement act of 1986, 1986 PA 182, MCL 38.1601
21 to 38.1674. An election made by a conservation officer qualified
22 participant under this subsection is irrevocable. The retirement
23 system shall accept written elections under this subsection from
24 conservation officer qualified participants beginning on January 2,
25 2025 and ending at 5 p.m. Eastern Daylight Saving Time, June 6,
26 2025. A conservation officer qualified participant who does not
27 make a written election or who does not file the election during
28 the period specified in this subsection continues to be a qualified
29 participant. A conservation officer qualified participant who makes

1 and files a written election under this subsection elects to do all
2 of the following:

3 (a) Cease to be a qualified participant effective 11:59 p.m.
4 Eastern Daylight Saving Time, June 7, 2025.

5 (b) Become a member of the Michigan state police retirement
6 system created under the state police retirement act of 1986, 1986
7 PA 182, MCL 38.1601 to 38.1674.

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

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

19 (4) A conservation officer qualified participant that is
20 described in section 55(2) (b) or (d) is not eligible to make an
21 election under this section.

22 (5) As used in this section:

23 (a) "Conservation officer" means that term as defined in
24 section 1b.

25 (b) "Conservation officer qualified participant" means a
26 qualified participant who is a conservation officer, other than a
27 conservation officer described in section 48.

28 Sec. 50d. (1) Subject to subsection (4), the retirement system
29 shall provide an opportunity for each state police qualified

1 participant on October 1, 2024 to elect in writing to terminate
2 being a qualified participant and elect to become a member of the
3 Michigan state police retirement system created under the state
4 police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674.
5 An election made by a state police qualified participant under this
6 subsection is irrevocable. The retirement system shall accept
7 written elections under this subsection from state police qualified
8 participants beginning on January 2, 2025 and ending at 5 p.m.
9 Eastern Daylight Saving Time, June 6, 2025. A state police
10 qualified participant who does not make a written election or who
11 does not file the election during the period specified in this
12 subsection continues to be a qualified participant. A state police
13 qualified participant who makes and files a written election under
14 this subsection elects to do both of the following:

15 (a) Cease to be a qualified participant effective 11:59 p.m.
16 Eastern Daylight Saving Time, June 7, 2025.

17 (b) Become a member of the Michigan state police retirement
18 system created under the state police retirement act of 1986, 1986
19 PA 182, MCL 38.1601 to 38.1674.

20 (2) After consultation with the retirement board, the
21 department of technology, management, and budget shall determine
22 the method by which a state police qualified participant may make a
23 written election under this section. If the state police qualified
24 participant is married at the time of the election, the election is
25 not effective unless the election is signed by the individual's
26 spouse. However, the retirement board may waive this requirement if
27 the spouse's signature cannot be obtained because of extenuating
28 circumstances.

29 (3) An election under this section is subject to the eligible

1 domestic relations order act, 1991 PA 46, MCL 38.1701 to 38.1711.

2 (4) A state police qualified participant that is described in
3 section 55(2) (b) or (d) is not eligible to make an election under
4 this section.

5 (5) As used in this section, "state police qualified
6 participant" means a qualified participant who is a state police
7 motor carrier or Michigan state police properties securities
8 officer.

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

12 (2) "Qualified participant" means an individual who is a
13 participant of Tier 2 and who meets 1 of the following
14 requirements:

15 (a) Is first employed and entered ~~upon~~**on** the payroll of his
16 or her employer on or after March 31, 1997, and who before March
17 31, 1997 would have been eligible to be a member of Tier 1.

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

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

24 (d) Was a member who did not make the election under section
25 50a.

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

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

2 (3) "Qualified participant" does not include any of the
3 following:

4 (a) An individual employed in an eligible position, as that
5 term is defined in section 50b, to whom both of the following
6 apply:

7 (i) Elects to terminate being a qualified participant under
8 section 50b.

9 (ii) Is first employed and entered on the payroll before
10 October 1, 2024.

11 (b) An individual employed in an eligible position, as that
12 term is defined in section 50b, who is first employed and entered
13 on the payroll after September 30, 2024.

14 (c) A conservation officer as that term is defined in section
15 1b, other than a conservation officer described in section 48, to
16 whom all of the following apply:

17 (i) Elects to terminate being a qualified participant under
18 section 50c.

19 (ii) Is first employed and entered on the payroll before
20 October 1, 2024.

21 (d) A conservation officer as that term is defined in section
22 45, other than a conservation officer described in section 48, who
23 is first employed and entered on the payroll after September 30,
24 2024.

25 (e) A state police motor carrier or Michigan state police
26 properties securities officer to whom all of the following apply:

27 (i) Elects to terminate being a qualified participant under
28 section 50d.

29 (ii) Is first employed and entered on the payroll before

1 October 1, 2024.

2 (f) A state police motor carrier or Michigan state police
3 properties securities officer who is first employed and entered on
4 the payroll after September 30, 2024.

5 (g) A former qualified participant, who is reemployed in an
6 eligible position, who is reemployed as a conservation officer, who
7 is reemployed as a state police motor carrier, or who is reemployed
8 as a Michigan state police properties security officer after
9 September 30, 2024.

10 (4) ~~(3)~~—"Refund beneficiary" means an individual nominated by
11 a qualified participant or a former qualified participant under
12 section 66 to receive a distribution of the participant's
13 accumulated balance in the manner prescribed in section 67.

14 (5) ~~(4)~~—"State treasurer" means the treasurer of this state.

15 (6) ~~(5)~~—"Tax-deferred account" means an account or accounts of
16 existing deferred compensation plans or plans established by the
17 retirement system, for which the retirement system has the
18 authority to determine the membership, eligibility, terms,
19 conditions, and other administrative and operational features. Tax-
20 deferred account does not include a health reimbursement account
21 for purposes other than complying with the contribution limits
22 described in section 68b(12).

23 (7) ~~(6)~~—Except as otherwise provided in this subsection, "year
24 of service" means each period during which a qualified participant
25 is employed by the employer and is credited with 2,080 hours of
26 service. The Tier 2 plan administrator and the plan document may
27 provide for a lesser number of annual hours and a maximum number of
28 hours per pay period for any classification of employees, ~~provided~~
29 ~~that no~~ **but a participant shall may not** receive credit for more

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

14 **Sec. 64a. An eligible position qualified participant who**
15 **elects to terminate being a qualified participant under section 50b**
16 **may transfer part or all of his or her contributions made to Tier 2**
17 **and, subject to the vesting schedule under section 64, transfer**
18 **part or all of employer contributions made on his or her behalf to**
19 **Tier 2 to purchase service credit under the state police retirement**
20 **act of 1986, 1986 PA 182, MCL 38.1601 to 38.1674, as provided in**
21 **section 24c of the state police retirement act of 1986, 1986 PA**
22 **182, MCL 38.1624c. As used in this section, "eligible position**
23 **qualified participant" means that term as defined in section 50b.**

24 **Sec. 64b. A conservation officer who elects to terminate being**
25 **a qualified participant under section 50c may transfer part or all**
26 **of his or her contributions made to Tier 2 and, subject to the**
27 **vesting schedule under section 64, transfer part or all of employer**
28 **contributions made on his or her behalf to Tier 2 to purchase**
29 **service credit under the state police retirement act of 1986, 1986**

1 PA 182, MCL 38.1601 to 38.1674, as provided in section 24d of the
2 state police retirement act of 1986, 1986 PA 182, MCL 38.1624d.

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

12 Enacting section 1. This amendatory act does not take effect
13 unless all of the following bills of the 102nd Legislature are
14 enacted into law:

15 (a) Senate Bill No. 165.

16 (b) Senate Bill No. 167.