

# SENATE BILL No. 1226

March 11, 2010, Introduced by Senators JANSEN, GILBERT and KUIPERS and referred to the Committee on Appropriations.

A bill to amend 1943 PA 240, entitled "State employees' retirement act," by amending sections 20, 20d, 55, 65, 67a, 68, and 68c (MCL 38.20, 38.20d, 38.55, 38.65, 38.67a, 38.68, and 38.68c), sections 20 and 20d as amended by 2002 PA 93, section 55 as amended by 2004 PA 33, sections 65 and 68 as added by 1996 PA 487, section 67a as amended by 2004 PA 109, and section 68c as added by 2007 PA 95, and by adding sections 19j, 20i, 35, and 68d.

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

1           SEC. 19J. (1) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE  
2           AND RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF  
3           THE MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

4           (A) ON THE LAST DAY OF THE MONTH PRECEDING THE EFFECTIVE DATE

1 OF HIS OR HER RETIREMENT AS STATED IN SUBDIVISION (G), THE MEMBER'S  
2 AGE AND LENGTH OF CREDITED SERVICE MEETS THE REQUIREMENTS IN  
3 SECTION 19 FOR A RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO  
4 REDUCTION PURSUANT TO SECTION 19(2).

5 (B) THE MEMBER OCCUPIES A POSITION IN THE CLASSIFIED STATE  
6 CIVIL SERVICE, HAS CLASSIFIED CIVIL SERVICE STATUS, OR IS AN  
7 INDIVIDUAL NOT DESCRIBED IN SUBSECTION (2)(B).

8 (C) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY  
9 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
10 SECTION 45, OR IF THE MEMBER IS ELIGIBLE FOR A SUPPLEMENTAL EARLY  
11 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
12 SECTION 45, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

13 (D) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN  
14 SECTION 48, OR IF THE MEMBER IS A CONSERVATION OFFICER AS DESCRIBED  
15 IN SECTION 48, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

16 (E) THE MEMBER OCCUPIES A POSITION SUBJECT TO THE SAME STATE  
17 HEALTH PLAN PREFERRED PROVIDER ORGANIZATION FOR EMPLOYEES FIRST  
18 HIRED ON OR AFTER APRIL 1, 2010.

19 (F) THE MEMBER WAS EMPLOYED BY THIS STATE OR THE LEGISLATURE  
20 FOR THE 6-MONTH PERIOD ENDING ON APRIL 15, 2010. A MEMBER WHO IS ON  
21 LAYOFF STATUS FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET THE  
22 EMPLOYMENT REQUIREMENT OF THIS SUBDIVISION.

23 (G) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH  
24 THE RETIREMENT BOARD, ON OR AFTER APRIL 15, 2010, BUT NOT LATER  
25 THAN MAY 15, 2010, STATING A DATE ON OR AFTER JULY 1, 2010, BUT NOT  
26 LATER THAN OCTOBER 1, 2010, ON WHICH HE OR SHE DESIRES TO RETIRE. A  
27 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE MAY 31,

1 2010. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN  
2 ON OR BEFORE MAY 31, 2010 IS IRREVOCABLE.

3 (2) NOTWITHSTANDING SECTION 19, A MEMBER MAY RETIRE AND  
4 RECEIVE A RETIREMENT ALLOWANCE COMPUTED UNDER THIS SECTION IF THE  
5 MEMBER MEETS ALL OF THE FOLLOWING REQUIREMENTS:

6 (A) ON THE LAST DAY OF THE MONTH PRECEDING THE EFFECTIVE DATE  
7 OF HIS OR HER RETIREMENT, THE MEMBER'S AGE AND LENGTH OF CREDITED  
8 SERVICE MEETS THE REQUIREMENTS IN SECTION 19 FOR A RETIREMENT  
9 ALLOWANCE THAT IS NOT SUBJECT TO REDUCTION PURSUANT TO SECTION  
10 19(2).

11 (B) THE MEMBER IS AN EMPLOYEE OF THE LEGISLATIVE BRANCH OF  
12 STATE GOVERNMENT WITHOUT CLASSIFIED CIVIL SERVICE STATUS, IS AN  
13 EMPLOYEE OF THE JUDICIAL BRANCH OF STATE GOVERNMENT, OR IS AN  
14 UNCLASSIFIED STATE EMPLOYEE NOT WITHIN THE CLASSIFIED STATE CIVIL  
15 SERVICE.

16 (C) THE MEMBER IS NOT ELIGIBLE FOR A SUPPLEMENTAL EARLY  
17 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
18 SECTION 45, OR IF THE MEMBER IS ELIGIBLE FOR A SUPPLEMENTAL EARLY  
19 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
20 SECTION 45, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

21 (D) THE MEMBER IS NOT A CONSERVATION OFFICER AS DESCRIBED IN  
22 SECTION 48, OR IF THE MEMBER IS A CONSERVATION OFFICER AS DESCRIBED  
23 IN SECTION 48, THE MEMBER MEETS THE REQUIREMENTS OF SUBSECTION (6).

24 (E) THE MEMBER WAS EMPLOYED BY THIS STATE FOR THE 6-MONTH  
25 PERIOD ENDING ON APRIL 15, 2010. A MEMBER WHO IS ON LAYOFF STATUS  
26 FROM STATE EMPLOYMENT IS CONSIDERED TO HAVE MET THE EMPLOYMENT  
27 REQUIREMENT OF THIS SUBDIVISION.

1           (F) THE MEMBER EXECUTES AND FILES A WRITTEN APPLICATION WITH  
2 THE RETIREMENT BOARD, ON OR AFTER APRIL 15, 2010, BUT NOT LATER  
3 THAN MAY 15, 2010, STATING A DATE ON OR AFTER JULY 1, 2010, BUT NOT  
4 LATER THAN OCTOBER 1, 2010, ON WHICH HE OR SHE DESIRES TO RETIRE. A  
5 MEMBER MAY WITHDRAW A WRITTEN APPLICATION ON OR BEFORE MAY 31,  
6 2010. A WRITTEN APPLICATION SUBMITTED BY A MEMBER AND NOT WITHDRAWN  
7 ON OR BEFORE MAY 31, 2010 IS IRREVOCABLE.

8           (3) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, A MEMBER  
9 ELECTING TO RETIRE UNDER THIS SECTION AGREES THAT ANY AMOUNT THAT  
10 HE OR SHE WOULD OTHERWISE BE ENTITLED TO BE RECEIVED IN A LUMP SUM  
11 AT RETIREMENT ON ACCOUNT OF ACCUMULATED ANNUAL LEAVE, SICK LEAVE,  
12 AND OTHER DEFERRED LEAVE HOURS SHALL BE PAID IN 60 CONSECUTIVE  
13 EQUAL MONTHLY INSTALLMENTS BEGINNING ON OR AFTER OCTOBER 1, 2010.  
14 PAYMENTS RECEIVED UNDER THIS SUBSECTION MAY NOT BE USED TO PURCHASE  
15 SERVICE CREDIT UNDER THIS ACT. THESE PAYMENTS FOR ACCUMULATED  
16 ANNUAL LEAVE, SICK LEAVE, AND OTHER DEFERRED LEAVE HOURS ARE TO BE  
17 PAID FROM FUNDS APPROPRIATED TO THE APPOINTING AUTHORITY AND NOT  
18 FROM FUNDS OF THE RETIREMENT SYSTEM. THESE PAYMENTS SHALL BE  
19 CONSIDERED TAXABLE INCOME UNDER THE INCOME TAX ACT OF 1967, 1967 PA  
20 281, MCL 206.1 TO 206.532. THIS SUBSECTION DOES NOT APPLY TO BANKED  
21 LEAVE TIME.

22           (4) THE DIRECTOR OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE  
23 BRANCH OF STATE GOVERNMENT MAY REQUEST THAT THE EFFECTIVE DATE OF  
24 RETIREMENT UNDER SUBSECTION (1) OR (2) OF A MEMBER EMPLOYED BY THAT  
25 DEPARTMENT BE EXTENDED TO A DATE NOT LATER THAN APRIL 1, 2011. TO  
26 MAKE A REQUEST UNDER THIS SUBSECTION, THE DIRECTOR SHALL SUBMIT A  
27 WRITTEN REQUEST AND THE WRITTEN CONCURRENCE OF THE MEMBER TO THE

1 DIRECTOR OF THE OFFICE OF THE STATE EMPLOYER AND THE STATE BUDGET  
2 DIRECTOR ON OR BEFORE JUNE 15, 2010. UPON RECEIPT OF THE WRITTEN  
3 REQUEST AND CONCURRENCE, THE DIRECTOR OF THE OFFICE OF THE STATE  
4 EMPLOYER AND THE STATE BUDGET DIRECTOR MAY EXTEND THE EFFECTIVE  
5 DATE OF RETIREMENT OF A MEMBER OTHERWISE ELIGIBLE TO RETIRE UNDER  
6 SUBSECTION (1) OR (2) TO A DATE NOT LATER THAN APRIL 1, 2011. UPON  
7 WRITTEN APPROVAL OF THE SENATE MAJORITY LEADER FOR A MEMBER WHO IS  
8 AN EMPLOYEE OF THE SENATE, THE SPEAKER OF THE HOUSE OF  
9 REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE HOUSE OF  
10 REPRESENTATIVES, THE SENATE MAJORITY LEADER AND THE SPEAKER OF THE  
11 HOUSE OF REPRESENTATIVES FOR A MEMBER WHO IS AN EMPLOYEE OF THE  
12 OFFICE OF THE AUDITOR GENERAL, DIRECTOR OR CHAIR OF THE LEGISLATIVE  
13 RETIREMENT SYSTEM FOR A MEMBER WHO IS AN EMPLOYEE OF THE  
14 LEGISLATIVE RETIREMENT SYSTEM, OR THE CHAIR AND ALTERNATE CHAIR OF  
15 THE LEGISLATIVE COUNCIL FOR A MEMBER WHO IS AN EMPLOYEE OF AN  
16 AGENCY UNDER THE JURISDICTION OF THE LEGISLATIVE COUNCIL, AND UPON  
17 WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF RETIREMENT  
18 FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO A DATE NOT  
19 LATER THAN APRIL 1, 2011. UPON WRITTEN APPROVAL OF THE CHIEF  
20 JUSTICE FOR A MEMBER WHO IS AN EMPLOYEE OF THE JUDICIAL BRANCH,  
21 INCLUDING, BUT NOT LIMITED TO, MEMBERS DESCRIBED IN SECTION 44A,  
22 AND UPON WRITTEN CONCURRENCE OF THE MEMBER, THE EFFECTIVE DATE OF  
23 RETIREMENT FOR THAT MEMBER UNDER SUBSECTION (2) MAY BE EXTENDED TO  
24 A DATE NOT LATER THAN APRIL 1, 2011. THE INDIVIDUAL OR INDIVIDUALS  
25 WHO APPROVE THE EXTENSION OF AN EFFECTIVE DATE OF RETIREMENT FOR A  
26 MEMBER WHO IS AN EMPLOYEE OF THE LEGISLATURE, SUPREME COURT, OR  
27 COURT OF APPEALS SHALL SUBMIT WRITTEN NOTIFICATION TO THE OFFICE OF

1 RETIREMENT SERVICES OF ALL EXTENSIONS APPROVED ON OR BEFORE JUNE  
2 15, 2010.

3 (5) UPON HIS OR HER RETIREMENT AS PROVIDED IN THIS SECTION, A  
4 MEMBER WHO DID NOT MAKE AN ELECTION UNDER SECTION 50 TO TERMINATE  
5 MEMBERSHIP IN TIER 1 AND BECOME A QUALIFIED PARTICIPANT IN TIER 2  
6 SHALL RECEIVE A RETIREMENT ALLOWANCE EQUAL TO THE MEMBER'S NUMBER  
7 OF YEARS AND FRACTION OF A YEAR OF CREDITED SERVICE MULTIPLIED BY  
8 1.6% OF HIS OR HER FINAL AVERAGE COMPENSATION. EXCEPT FOR THE  
9 CALCULATION PROVIDED IN THIS SUBSECTION, THE MEMBER'S RETIREMENT  
10 ALLOWANCE IS SUBJECT TO SECTION 20.

11 (6) A MEMBER WHO IS A CONSERVATION OFFICER AS DESCRIBED IN  
12 SECTION 48 OR A MEMBER WHO IS ELIGIBLE FOR A SUPPLEMENTAL EARLY  
13 RETIREMENT UNDER SECTION 46 AS A COVERED EMPLOYEE DEFINED IN  
14 SECTION 45 MAY MAKE THE ELECTION AND BE ELIGIBLE FOR A RETIREMENT  
15 ALLOWANCE UNDER THIS SECTION IF THE MEMBER MEETS THE ELIGIBILITY  
16 REQUIREMENTS OF THIS SECTION. A MEMBER WHO MEETS THE ELIGIBILITY  
17 REQUIREMENTS AND MAKES AN ELECTION UNDER THIS SECTION SHALL RECEIVE  
18 A RETIREMENT ALLOWANCE CALCULATED UNDER THIS SECTION AND SHALL NOT  
19 BE ELIGIBLE FOR ANY SUPPLEMENTAL BENEFIT THAT HE OR SHE MAY HAVE  
20 BEEN ELIGIBLE FOR HAD HE OR SHE RETIRED UNDER SECTIONS 45 TO 48.

21 (7) ANY ADDITIONAL COSTS TO THE RETIREMENT SYSTEM AS A RESULT  
22 OF THE RETIREMENT ALLOWANCE CALCULATIONS UNDER SUBSECTION (5) SHALL  
23 BE AMORTIZED OVER A 5-YEAR PERIOD.

24 Sec. 20. (1) ~~Upon~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 20/,  
25 UPON his or her retirement, as provided for in section 19, 19a,  
26 19b, 19c, or 19d, a member shall receive a retirement allowance  
27 equal to the member's number of years and fraction of a year of

1 credited service multiplied by 1-1/2% of his or her final average  
2 compensation. The member's retirement allowance is subject to  
3 subsection (3). Upon his or her retirement, the member may elect an  
4 option provided for in section 31(1).

5 (2) Pursuant to rules promulgated by the retirement board, a  
6 member who retires before becoming 65 years of age may elect to  
7 have his or her regular retirement allowance equated on an  
8 actuarial basis to provide an increased retirement allowance  
9 payable up to his or her attainment of 65 years of age and a  
10 reduced retirement allowance payable after his or her attainment of  
11 65 years of age. His or her increased retirement allowance payable  
12 up to age 65 shall approximately equal the sum of his or her  
13 reduced retirement allowance payable after age 65 and his or her  
14 estimated social security primary insurance amount. In addition,  
15 upon retirement the member may elect an option provided for in  
16 section 31(1).

17 (3) If a retirant dies before receiving payment of his or her  
18 retirement allowance in an aggregate amount equal to the retirant's  
19 accumulated contributions credited to the retirant in the  
20 employees' savings fund at the time of his or her retirement, the  
21 difference between his or her accumulated contributions and the  
22 amount of retirement allowance received by him or her shall be paid  
23 to the person or persons that he or she nominated by written  
24 designation executed and filed with the retirement board. If the  
25 person or persons do not survive the retirant, then the difference,  
26 if any, shall be paid to the retirant's legal representative or  
27 estate. Benefits shall not be paid under this subsection on account

1 of the death of the retirant if he or she elected an option  
2 provided for in section 31(1).

3 (4) If a member has 10 or more years of credited service, or  
4 has 5 or more years of credited service as an elected officer or in  
5 a position in the executive branch or the legislative branch  
6 excepted or exempt from the classified state civil service as  
7 provided in section 5 of article XI of the state constitution of  
8 1963, and is separated from the service of the state for a reason  
9 other than retirement or death, he or she shall remain a member  
10 during the period of absence from the state service for the  
11 exclusive purpose of receiving a retirement allowance provided for  
12 in this section. If a former employee of the state accident fund  
13 who had 5 or more years of service as an employee of the state  
14 accident fund returns to employment with the state before receiving  
15 a retirement allowance under this act, the employee shall be  
16 required to accumulate 10 or more years of credited service before  
17 receiving a retirement allowance under this act. If a former  
18 employee of the Michigan biologic products institute who is  
19 eligible to and has elected to purchase additional credited service  
20 pursuant to section 17(2) returns to employment with the state  
21 before receiving a retirement allowance under this act, the  
22 employee shall be required to accumulate 10 or more years of  
23 credited service, without regard to the additional credited service  
24 purchased pursuant to section 17(2) but including any credited  
25 service authorized under section 16, before receiving a retirement  
26 allowance under this act. If the member withdraws all or part of  
27 his or her accumulated contributions, he or she ceases to be a

1 member. Upon becoming 60 years of age or older, the member may  
2 retire upon his or her written application to the retirement board  
3 as provided in section 19(1). If a member elects an option as  
4 provided under section 31(4), but dies before the effective date of  
5 his or her retirement, the option elected by the member shall be  
6 carried out, and the beneficiary of the member is entitled to all  
7 advantages due under that option.

8 (5) A person who is a member after January 1, 1981, who has at  
9 least 5 years of credited service, and whose employment with the  
10 department formerly known as the department of mental health is  
11 terminated by reason of reduction in force related to  
12 deinstitutionalization that may or may not result in facility  
13 closure, shall remain a member during the period of absence from  
14 the state service for the exclusive purpose of receiving a service  
15 retirement allowance as provided in this subsection. As used in  
16 this subsection, "deinstitutionalization" means planned reduction  
17 of state center or hospital beds through placement of individuals  
18 from the hospital or facility, or through limiting admissions to  
19 centers and hospitals, or both. If a member withdraws all or part  
20 of the member's accumulated contributions, the member ceases to be  
21 a member. Upon becoming 60 years of age or older, the member may  
22 retire upon written application to the retirement board. The  
23 application shall specify a date on which the member desires to  
24 retire. Upon retirement, the member shall receive a retirement  
25 allowance equal to the number of years and fraction of a year of  
26 credited state service multiplied by 1-1/2% of the member's final  
27 average compensation. Upon retirement, the member may elect an

1 option provided in section 31(1). If the member elects an option  
2 provided for in section 31(4), but dies before the effective date  
3 of retirement, the option elected by the member shall be carried  
4 out, and a beneficiary of the member is entitled to all advantages  
5 due under the option.

6 (6) A retirant or the beneficiary of a retirant who retired  
7 before July 1, 1974 shall have his or her retirement allowance  
8 recalculated based on the retirant's number of years and fraction  
9 of a year of credited service multiplied by 1.5% of his or her  
10 final average compensation. The retirant or beneficiary is eligible  
11 to receive the recalculated retirement allowance beginning October  
12 1, 1987, but is not eligible to receive the adjusted amount  
13 attributable to any month beginning before October 1, 1987. The  
14 recalculated retirement allowance provided by this subsection shall  
15 be paid by January 1, 1988 and shall be the basis on which future  
16 adjustments to the allowance, including the supplement provided by  
17 section 20h, are calculated. The retirement allowance of a retirant  
18 who dies before January 1, 1988, and who did not nominate a  
19 retirement allowance beneficiary pursuant to section 31, shall not  
20 be recalculated pursuant to this subsection.

21 (7) Each retirement allowance payable under this act shall  
22 date from the first of the month following the month in which the  
23 applicant satisfies the age and service or other requirements for  
24 receiving the retirement allowance and terminates state service. A  
25 full month's retirement allowance is payable for the month in which  
26 a retirement allowance ceases.

27 (8) An employee of the state accident fund who has 5 or more

1 but less than 10 years of credited service as of the effective date  
2 of the transfer authorized by section 701a of the worker's  
3 disability compensation act of 1969, 1969 PA 317, MCL 418.701a, and  
4 who is permitted to receive a retirement allowance under subsection  
5 (4) is eligible for health care benefits under section 20d on the  
6 date of his or her retirement to the same extent as a member with  
7 10 years of credited service who vested on the same date.

8 (9) An employee of the Michigan biologic products institute  
9 who has 5 or more but less than 10 years of credited service as of  
10 the effective date of the conveyance authorized by the Michigan  
11 biologic products institute transfer act and who is permitted to  
12 receive a retirement allowance under subsection (4) is eligible for  
13 health care benefits under section 20d on the date of his or her  
14 retirement to the same extent as a member with 10 years of credited  
15 service who vested on the same date.

16 Sec. 20d. (1) On and after July 1, 1974, hospitalization and  
17 medical coverage insurance premium payable by any retirant or his  
18 or her beneficiary and his or her dependents under any group health  
19 plan authorized by the Michigan civil service commission and the  
20 department of **TECHNOLOGY**, management, and budget shall be paid by  
21 the retirement board from the health insurance reserve fund created  
22 in section 11. The amount payable shall be in the same proportion  
23 of premium payable by the state of Michigan for the classified  
24 employees occupying positions in the state civil service **WHO**  
25 **COMMENCED EMPLOYMENT WITH THE STATE BEFORE APRIL 1, 2010**. The  
26 hospitalization and medical insurance premium payable shall be paid  
27 from appropriations made for this purpose to the health insurance

1 reserve fund sufficient to cover the premium payment needed to be  
2 made.

3 ~~(2) Effective January 1, 1988, 90% of the premium payable by a~~  
4 ~~retirant or the retirant's beneficiary and his or her dependents~~  
5 ~~for dental coverage or vision coverage, or both, under any group~~  
6 ~~plan authorized by the Michigan civil service commission and the~~  
7 ~~department of management and budget shall be paid by the retirement~~  
8 ~~board from the health insurance reserve fund created in section 11.~~

9 THE DENTAL COVERAGE AND VISION COVERAGE INSURANCE PREMIUM PAYABLE  
10 BY ANY RETIRANT WHO RETIRED ON OR BEFORE OCTOBER 1, 2010 OR WHOSE  
11 EFFECTIVE DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION  
12 19J(4), OR HIS OR HER BENEFICIARY AND HIS OR HER DEPENDENTS UNDER  
13 ANY GROUP HEALTH PLAN AUTHORIZED BY THE CIVIL SERVICE COMMISSION  
14 AND THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET, SHALL BE  
15 PAID BY THE RETIREMENT BOARD FROM THE HEALTH INSURANCE RESERVE FUND  
16 CREATED IN SECTION 11. THE AMOUNT PAYABLE SHALL BE IN THE SAME  
17 PROPORTION OF PREMIUM PAYABLE BY THIS STATE FOR THE CLASSIFIED  
18 EMPLOYEES OCCUPYING POSITIONS IN THE STATE CIVIL SERVICE, WHO  
19 COMMENCED STATE EMPLOYMENT BEFORE APRIL 1, 2010. THE DENTAL OR  
20 VISION INSURANCE PREMIUM PAYABLE SHALL BE PAID FROM APPROPRIATIONS  
21 MADE FOR THIS PURPOSE TO THE HEALTH INSURANCE RESERVE FUND  
22 SUFFICIENT TO COVER THE PREMIUM PAYMENT NEEDED TO BE MADE.

23 (3) ANY RETIRANT OR HIS OR HER BENEFICIARY AND HIS OR HER  
24 DEPENDENTS EXCLUDED FROM STATE SUBSIDIZED INSURANCE PREMIUMS MAY  
25 PARTICIPATE IN THE DENTAL COVERAGE OR VISION COVERAGE PROVIDED BY  
26 THIS SECTION IN THE MANNER PRESCRIBED BY THE RETIREMENT SYSTEM AT  
27 HIS OR HER OWN COST.

1           (4) ~~(3)~~—The department of **TECHNOLOGY**, management, and budget  
2 shall calculate for each fiscal year any cost savings that have  
3 accrued to this state as a result of the implementation of 1996 PA  
4 487 over the costs that would have been incurred by this state to  
5 fund premiums payable pursuant to section 68 had 1996 PA 487 not  
6 been implemented. The total amount of the cost savings, if any,  
7 shall be allocated to the health advance funding subaccount created  
8 under section 11(9).

9           (5) ~~(4)~~—On and after March 31, 1997, the retirement system  
10 shall also pay health insurance premiums described in this section  
11 in the manner prescribed in section 68.

12           (6) ~~(5)~~—For purposes of this section, "retirant" includes a  
13 person who retires under section 306 or 410 of the Michigan  
14 military act, 1967 PA 150, MCL 32.706 and 32.810.

15           **SEC. 20I. (1) A MEMBER WHO FIRST REACHES 30 YEARS OF EARNED**  
16 **SERVICE CREDIT ON OR AFTER OCTOBER 1, 2010 SHALL HAVE NO MORE THAN**  
17 **30 YEARS OF EARNED SERVICE CREDIT INCLUDED IN THE CALCULATION OF A**  
18 **RETIREMENT ALLOWANCE UPON RETIREMENT.**

19           **(2) A MEMBER WHO HAS MORE THAN 30 YEARS OF EARNED SERVICE**  
20 **CREDIT AS OF OCTOBER 1, 2010 SHALL HAVE NO MORE THAN THE YEARS OF**  
21 **EARNED SERVICE CREDIT ACCRUED AS OF OCTOBER 1, 2010 INCLUDED IN THE**  
22 **CALCULATION OF A RETIREMENT ALLOWANCE UPON RETIREMENT.**

23           **(3) BEGINNING ON OCTOBER 1, 2010, ANY MEMBER DESCRIBED IN**  
24 **SUBSECTION (1) OR (2) SHALL CEASE ACCRUING EARNED SERVICE CREDIT IN**  
25 **TIER 1 FOR PURPOSES OF CALCULATING A RETIREMENT ALLOWANCE AND SHALL**  
26 **BECOME A QUALIFIED PARTICIPANT IN TIER 2 UNDER SECTION 55. THE**  
27 **RETIREMENT SYSTEM SHALL DETERMINE THE METHOD AND TIME FRAME FOR THE**

1 TRANSITION OF PARTICIPATION BETWEEN TIER 1 AND TIER 2.

2 (4) THIS SECTION DOES NOT APPLY TO A MEMBER WHOSE EFFECTIVE  
3 DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION 19J(4).

4 (5) FOR PURPOSES OF THIS SECTION, "EARNED SERVICE CREDIT" DOES  
5 NOT INCLUDE ANY SERVICE CREDIT THAT IS PURCHASED UNDER THIS ACT.

6 SEC. 35. (1) BEGINNING OCTOBER 1, 2010 AND ENDING ON THE DATE  
7 THE TIER 1 MEMBER ACCRUES 30 YEARS OF EARNED SERVICE CREDIT, EACH  
8 TIER 1 MEMBER SHALL CONTRIBUTE AN AMOUNT EQUAL TO 3% OF HIS OR HER  
9 COMPENSATION TO THE EMPLOYEES' SAVINGS FUND.

10 (2) THE RETIREMENT SYSTEM SHALL DETERMINE A METHOD OF  
11 DEDUCTING THE CONTRIBUTIONS PROVIDED FOR IN THIS SECTION FROM THE  
12 COMPENSATION OF EACH MEMBER FOR EACH PAYROLL AND EACH PAYROLL  
13 PERIOD.

14 (3) THIS STATE SHALL PICK UP THE MEMBER CONTRIBUTIONS REQUIRED  
15 BY SUBSECTION (1) FOR ALL COMPENSATION EARNED AFTER OCTOBER 1,  
16 2010. CONTRIBUTIONS PICKED UP SHALL BE TREATED AS EMPLOYER  
17 CONTRIBUTIONS IN DETERMINING TAX TREATMENT UNDER THE INTERNAL  
18 REVENUE CODE. THIS STATE SHALL PAY THESE MEMBER CONTRIBUTIONS FROM  
19 THE SAME SOURCE OF FUNDS THAT IS USED IN PAYING COMPENSATION TO THE  
20 MEMBER. THIS STATE MAY PICK UP THESE CONTRIBUTIONS BY A REDUCTION  
21 IN THE CASH SALARY OF THE MEMBER.

22 (4) THIS SECTION DOES NOT APPLY TO A MEMBER WHOSE EFFECTIVE  
23 DATE OF RETIREMENT HAS BEEN EXTENDED UNDER SECTION 19J(4).

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

27 (2) "Qualified participant" means an individual who is a

1 participant of Tier 2 and who meets 1 of the following  
2 requirements:

3 (a) An individual who is first employed and entered upon the  
4 payroll of his or her employer on or after March 31, 1997, and who  
5 before March 31, 1997 would have been eligible to be a member of  
6 Tier 1.

7 (b) An individual who elects to terminate membership in Tier 1  
8 and who elects to participate in Tier 2 in the manner prescribed in  
9 section 50.

10 (C) AN INDIVIDUAL WHO HAS REACHED THE MAXIMUM AMOUNT OF YEARS  
11 OF EARNED SERVICE CREDIT FOR PURPOSES OF CALCULATION OF A  
12 RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I. NOTWITHSTANDING ANY  
13 OTHER PROVISION OF THIS ACT, AN INDIVIDUAL DESCRIBED IN THIS  
14 SUBSECTION SHALL NOT BE TREATED AS A QUALIFIED PARTICIPANT FOR  
15 PURPOSES OF SECTIONS 67A AND 68.

16 (3) "Refund beneficiary" means an individual nominated by a  
17 qualified participant or a former qualified participant under  
18 section 66 to receive a distribution of the participant's  
19 accumulated balance in the manner prescribed in section 67.

20 (4) "State treasurer" means the treasurer of this state.

21 (5) Except as otherwise provided in this subsection, "year of  
22 service" means each period during which a qualified participant is  
23 employed by the employer and is credited with 2,080 hours of  
24 service. The Tier 2 plan administrator and the plan document may  
25 provide for a lesser number of annual hours and a maximum number of  
26 hours per pay period for any classification of employees, provided  
27 that no participant shall receive credit for more than 1 year of

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

13       Sec. 65. A qualified participant who was a member, deferred  
14 member, or former nonvested member of Tier 1 who makes an election  
15 to participate in Tier 2 pursuant to section 50, **OR WAS A MEMBER**  
16 **WHO HAS REACHED THE MAXIMUM AMOUNT OF YEARS OF EARNED SERVICE**  
17 **CREDIT FOR PURPOSES OF CALCULATION OF A RETIREMENT ALLOWANCE**  
18 **PURSUANT TO SECTION 20I**, shall be credited with the years of  
19 service accrued under Tier 1 on the effective date of participation  
20 in Tier 2 for the purpose of meeting the vesting requirements for  
21 benefits under section 64.

22       Sec. 67a. (1) Except as otherwise provided in section 33, a  
23 qualified participant who becomes totally incapacitated for duty  
24 because of a personal injury or disease shall be retired if all of  
25 the following apply:

26       (a) Within 1 year after the qualified participant becomes  
27 totally incapacitated or at a later date if the later date is

1 approved by the retirement board, the qualified participant, the  
2 qualified participant's personal representative or guardian, his or  
3 her department head, or the state personnel director files an  
4 application on behalf of the member with the retirement board.

5 (b) The retirement board finds that the qualified  
6 participant's personal injury or disease is the natural and  
7 proximate result of the qualified participant's performance of  
8 duty.

9 (c) A medical advisor conducts a medical examination of the  
10 qualified participant and certifies in writing that the qualified  
11 participant is mentally or physically totally incapacitated for  
12 further performance of duty, that the total incapacitation is  
13 probably permanent, and that the qualified participant should be  
14 retired.

15 (d) The retirement board concurs in the recommendation of the  
16 medical advisor.

17 (2) If the retirement board grants the application of the  
18 qualified participant under subsection (1), the qualified  
19 participant shall be granted a supplemental benefit equivalent to  
20 the amount provided in section 23 as if the former qualified  
21 participant had retired under section 21, which supplemental  
22 benefit shall be offset by the value of the distribution of his or  
23 her accumulated balance as determined by the retirement system upon  
24 becoming a former qualified participant pursuant to section 67.

25 (3) If a qualified participant dies as a result of a personal  
26 injury or disease arising out of and in the course of his or her  
27 employment with this state, or if a former qualified participant

1 who retired under subsection (1) who dies before becoming age 60  
2 and within 3 years after the former qualified participant's  
3 disability retirement from the same causes from which he or she  
4 separated, and such death or illness or injuries resulting in death  
5 are found by the retirement board to have been the sole and  
6 exclusive result of employment with this state, a supplemental  
7 benefit shall be granted equivalent to the amount provided for in  
8 section 27 had the former qualified participant been considered  
9 retired under section 27, which supplemental benefit shall be  
10 offset by the value of the distribution of his or her accumulated  
11 balance upon becoming a former qualified participant pursuant to  
12 section 67.

13 (4) A qualified participant, former qualified participant, or  
14 beneficiary of a deceased participant, which participant is  
15 eligible for a duty disability retirement allowance pursuant to  
16 subsection (1), (2), or (3), is eligible for health insurance  
17 coverage under section 20d in all respects and under the same terms  
18 as would be a retirant and his or her beneficiaries under Tier 1.

19 (5) Except as otherwise provided in section 33, a qualified  
20 participant who becomes totally incapacitated for duty because of a  
21 personal injury or disease that is not the natural and proximate  
22 result of the qualified participant's performance of duty may be  
23 retired if all of the following apply:

24 (a) Within 1 year after the qualified participant becomes  
25 totally incapacitated or at a later date if the later date is  
26 approved by the retirement board, the qualified participant, the  
27 qualified participant's personal representative or guardian, the

1 qualified participant's department head, or the state personnel  
2 director files an application on behalf of the qualified  
3 participant with the retirement board.

4 (b) A medical advisor conducts a medical examination of the  
5 qualified participant and certifies in writing that the qualified  
6 participant is mentally or physically totally incapacitated for  
7 further performance of duty, that the incapacitation is likely to  
8 be permanent, and that the qualified participant should be retired.

9 (c) The qualified participant has been a state employee for at  
10 least 10 years.

11 (6) If the retirement board grants the application of the  
12 qualified participant under subsection (5), the qualified  
13 participant shall be granted a supplemental benefit equivalent to  
14 the amount provided for in section 25 as if the qualified  
15 participant had retired under section 24. The supplemental benefit  
16 shall be offset by the value of the distribution of his or her  
17 accumulated balance as determined by the retirement system upon  
18 becoming a former qualified participant pursuant to section 67.

19 (7) If a qualified participant who has been a state employee  
20 for the number of years necessary to vest under Tier 1 dies as a  
21 result of causes occurring not in the performance of duty to this  
22 state, a supplemental benefit shall be granted equivalent to the  
23 amount provided for in section 25 had the former qualified  
24 participant been considered retired under section 24, which  
25 supplemental benefit shall be offset by the value of the  
26 distribution of his or her accumulated balance as determined by the  
27 retirement system upon becoming a former qualified participant

1 pursuant to section 67.

2 (8) A qualified participant, former qualified participant, or  
3 beneficiary of a deceased participant, which participant is  
4 eligible for a disability retirement allowance pursuant to  
5 subsection (4) or (5), is eligible for health insurance coverage  
6 under section 20d in all respects and under the same terms as would  
7 be a retirant and his or her beneficiaries under Tier 1.

8 (9) **THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL WHO HAS**  
9 **REACHED THE MAXIMUM AMOUNT OF EARNED SERVICE FOR PURPOSES OF**  
10 **CALCULATION OF A RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I.**

11 Sec. 68. (1) A former qualified participant may elect health  
12 insurance benefits in the manner prescribed in this section if he  
13 or she meets both of the following requirements:

14 (a) The former qualified participant is vested in health  
15 benefits under section 64(2).

16 (b) The former qualified participant meets or exceeds the  
17 benefit commencement age employed in the actuarial present value  
18 calculation under section 51 and the service requirements that  
19 would have applied to that former participant under Tier 1 for  
20 receiving health insurance coverage under section 20d, if that  
21 former participant was a member of Tier 1.

22 (2) A former qualified participant who is eligible to elect  
23 health insurance coverage under subsection (1) may elect health  
24 insurance coverage in a health benefit plan or plans as authorized  
25 by section 20d. ~~, or in another plan as provided in subsection (6).~~  
26 A former qualified participant who is eligible to elect health  
27 insurance coverage under subsection (1) may also elect health

1 insurance coverage for his or her health benefit dependents, if  
 2 any. A surviving health benefit dependent of a deceased former  
 3 qualified participant who is eligible to elect health insurance  
 4 coverage under subsection (1) may elect health insurance coverage  
 5 in the manner prescribed in this section.

6 (3) ~~Except as otherwise provided in subsection (6), an~~ **AN**  
 7 individual who elects health insurance coverage under this section  
 8 shall become a member of a health insurance coverage group  
 9 authorized pursuant to section 20d.

10 (4) For a former qualified participant who is eligible to  
 11 elect health insurance coverage under subsection (1) and who is  
 12 vested in those benefits under section 64(2)(a), and for his or her  
 13 health benefit dependents, this state shall pay a portion of the  
 14 health insurance premium as calculated under this subsection on a  
 15 cash disbursement method. An individual described in this  
 16 subsection who elects health insurance coverage under this section  
 17 shall pay to the retirement system the remaining portion of the  
 18 health insurance coverage premium not paid by this state under this  
 19 subsection. ~~The~~ **FOR A FORMER QUALIFIED PARTICIPANT WHO COMMENCED**  
 20 **STATE EMPLOYMENT BEFORE APRIL 1, 2010 AND FOR HIS OR HER HEALTH**  
 21 **BENEFIT DEPENDENTS, THE** portion of the health insurance coverage  
 22 premium paid by this state under this subsection shall be equal to  
 23 the product of 3% and the former qualified participant's years of  
 24 service, up to 30 years, ~~and~~ **BUT** shall not exceed **THE LESSER OF 90%**  
 25 **of the payments for health insurance coverage OR THE PORTION OF THE**  
 26 **HEALTH INSURANCE COVERAGE PREMIUMS PAYABLE BY THIS STATE FOR A**  
 27 **RETIRANT, HIS OR HER BENEFICIARY, AND HIS OR HER DEPENDENTS** under

1 section 20d. If the individual elects the health insurance coverage  
2 provided under section 20d, the state shall transfer its portion of  
3 the amount calculated under this subsection to the health insurance  
4 reserve fund created by section 11. **FOR A FORMER QUALIFIED**  
5 **PARTICIPANT WHO COMMENCED STATE EMPLOYMENT ON OR AFTER APRIL 1,**  
6 **2010 AND FOR HIS OR HER HEALTH BENEFIT DEPENDENTS, THE PORTION OF**  
7 **THE HEALTH INSURANCE COVERAGE PREMIUM PAID BY THIS STATE UNDER THIS**  
8 **SUBSECTION SHALL BE EQUAL TO THE PRODUCT OF 3% AND THE FORMER**  
9 **QUALIFIED PARTICIPANT'S YEARS OF SERVICE, UP TO 30 YEARS, BUT SHALL**  
10 **NOT EXCEED THE LESSER OF THE PORTION OF THE HEALTH INSURANCE**  
11 **COVERAGE PREMIUMS PAYABLE BY THIS STATE FOR A RETIRANT, HIS OR HER**  
12 **BENEFICIARY, AND HIS OR HER DEPENDENTS UNDER SECTION 20D OR THE**  
13 **PORTION OF THE HEALTH INSURANCE COVERAGE PREMIUMS PAYABLE BY THIS**  
14 **STATE FOR A MEMBER WHO OCCUPIES A POSITION IN THE CLASSIFIED STATE**  
15 **CIVIL SERVICE OR HAS CLASSIFIED CIVIL SERVICE STATUS COMMENCING**  
16 **STATE EMPLOYMENT ON OR AFTER APRIL 1, 2010.**

17 (5) For a former qualified participant who is eligible to  
18 elect health insurance coverage under subsection (1) and who is  
19 vested in those benefits under section 64(2)(b), and for his or her  
20 health benefit dependents, this state shall pay a portion of the  
21 health insurance premium as calculated under this subsection on a  
22 cash disbursement method. An individual described in this  
23 subsection who elects health insurance coverage under this section  
24 shall pay to the retirement system the remaining portion of the  
25 health insurance coverage premium not paid by this state under this  
26 subsection. The portion of the health insurance coverage premium  
27 paid by this state under this subsection shall be equal to the

1 premium amounts paid on behalf of retirants of Tier 1 for health  
2 insurance coverage under section 20d. If the individual elects the  
3 health insurance coverage provided under section 20d, the state  
4 shall transfer its portion of the amount calculated under this  
5 subsection to the health insurance reserve fund created by section  
6 11.

7 ~~(6) A former qualified participant or health benefit dependent~~  
8 ~~who is eligible to elect health insurance coverage under this~~  
9 ~~section and who elects health insurance coverage under a different~~  
10 ~~plan than the plan authorized under section 20d may elect to have~~  
11 ~~an amount up to the amount of the retirement system's share of the~~  
12 ~~monthly health insurance premium subsidy provided in this section~~  
13 ~~paid by the retirement system directly to the other health~~  
14 ~~insurance plan or to a medical savings account established pursuant~~  
15 ~~to section 220 of the internal revenue code, to the extent allowed~~  
16 ~~by law or under the provisions and procedures of Tier 2. BEGINNING~~  
17 ~~JANUARY 1, 2011, ANY FORMER QUALIFIED PARTICIPANT OR HEALTH BENEFIT~~  
18 ~~DEPENDENT WHO IS ELIGIBLE TO ELECT HEALTH INSURANCE COVERAGE UNDER~~  
19 ~~THIS SECTION AND WHO PREVIOUSLY ELECTED COVERAGE UNDER A DIFFERENT~~  
20 ~~PLAN THAN THE PLAN AUTHORIZED UNDER SECTION 20D MAY EITHER ELECT~~  
21 ~~COVERAGE UNDER THIS SECTION OR MAY AT HIS OR HER OWN COST~~  
22 ~~PARTICIPATE IN COVERAGE UNDER A DIFFERENT PLAN THAN THE PLAN~~  
23 ~~AUTHORIZED UNDER SECTION 20D.~~

24 (7) If the department of **TECHNOLOGY**, management, and budget  
25 receives notification from the United States internal revenue  
26 service that this section or any portion of this section will cause  
27 the retirement system to be disqualified for tax purposes under the

1 internal revenue code, then the portion that will cause the  
2 disqualification does not apply.

3 (8) ANY FORMER QUALIFIED PARTICIPANT WHO OTHERWISE MET THE  
4 BENEFIT COMMENCEMENT AGE AND SERVICE REQUIREMENTS FOR RECEIVING  
5 HEALTH INSURANCE COVERAGE UNDER SECTION 20D AND HIS OR HER HEALTH  
6 BENEFIT DEPENDENTS WHO ARE EXCLUDED FROM STATE SUBSIDIZED DENTAL OR  
7 VISION INSURANCE COVERAGE PREMIUMS PROVIDED BY THIS SECTION OR  
8 SECTION 20D MAY PARTICIPATE IN THAT DENTAL OR VISION INSURANCE  
9 COVERAGE IN THE MANNER PRESCRIBED BY THE RETIREMENT SYSTEM AT HIS  
10 OR HER OWN COST.

11 (9) AS USED IN THIS SECTION, "HEALTH INSURANCE COVERAGE" MEANS  
12 THE HOSPITALIZATION AND MEDICAL INSURANCE, DENTAL COVERAGE, VISION  
13 COVERAGE, AND ANY OTHER HEALTH CARE INSURANCE PROVIDED IN SECTION  
14 20D.

15 (10) THIS SECTION SHALL NOT APPLY TO AN INDIVIDUAL WHO HAS  
16 REACHED THE MAXIMUM AMOUNT OF EARNED SERVICE FOR PURPOSES OF  
17 CALCULATION OF A RETIREMENT ALLOWANCE PURSUANT TO SECTION 20I.

18 Sec. 68c. (1) Except as otherwise provided in this ~~subsection~~  
19 SECTION, a retirant who is receiving a retirement allowance under  
20 this act and is employed by this state beginning on or after ~~the~~  
21 ~~effective date of this section~~ OCTOBER 1, 2007 agrees to forfeit  
22 his or her right to receive that retirement allowance during this  
23 period of state employment. The retirement system shall cease  
24 payment of the retirement allowance to a retirant described in this  
25 subsection during this period of state employment and shall  
26 reinstate payment of the retirement allowance without recalculation  
27 when the period of state employment ceases. This subsection does

1 not apply to a retirant who is employed by this state on ~~the day~~  
2 ~~before the effective date of this section~~ **SEPTEMBER 30, 2007** so  
3 long as he or she remains in the position held by the retirant on  
4 ~~the day before the effective date of this section~~ **SEPTEMBER 30,**  
5 **2007.** As used in this subsection, "employed by this state" means  
6 employed directly by this state as an employee or indirectly by  
7 this state through a contractual arrangement with other parties.

8 (2) A MEMBER MAY RETIRE UNDER THIS ACT AND NOT HAVE HIS OR HER  
9 RETIREMENT ALLOWANCE FORFEITED UNDER SUBSECTION (1), IF THE MEMBER  
10 SATISFIES ALL OF THE FOLLOWING:

11 (A) HAD AT LEAST 1,040 HOURS OF SERVICE CREDIT WITH THE STATE  
12 FOR EACH OF THE 5 YEARS PRECEDING TERMINATION.

13 (B) TERMINATED STATE SERVICE ON OR AFTER JULY 1, 2010.

14 (C) AT THE TIME OF TERMINATION WAS AT LEAST 60 YEARS OF AGE  
15 AND MET THE SERVICE REQUIREMENT TO RECEIVE A RETIREMENT ALLOWANCE  
16 UNDER THIS ACT.

17 (D) AGREES TO ACCEPT A POSTRETIREMENT OPTION POSITION WITH THE  
18 STATE PRIOR TO TERMINATING STATE SERVICE WITH A WORK SCHEDULE THAT  
19 MEETS ALL OF THE FOLLOWING REQUIREMENTS:

20 (i) HAS A REDUCTION OF AT LEAST 50% FROM THE HOURS REPORTABLE  
21 FOR RETIREMENT IN THE PREVIOUS FISCAL YEAR.

22 (ii) PERMITS NO MORE THAN 1,040 HOURS OF SERVICE CREDIT IN A  
23 12-MONTH PERIOD.

24 (iii) COMMENCES NO LATER THAN 2 WEEKS FOLLOWING TERMINATION OF  
25 STATE SERVICE.

26 (3) THE APPOINTING AUTHORITY AND THE STATE BUDGET DIRECTOR  
27 MUST APPROVE AND SHALL JOINTLY HAVE THE SOLE DISCRETION TO

1 DETERMINE IF, AND THE EXTENT TO WHICH, A POSTRETIREMENT OPTION  
2 POSITION UNDER THIS SECTION WILL BE MADE AVAILABLE TO A TERMINATING  
3 MEMBER OR RETIRANT.

4 (4) POSTRETIREMENT OPTION EMPLOYMENT SHALL BE FOR AN INITIAL  
5 PERIOD NOT TO EXCEED 1 YEAR. AT THE END OF THE INITIAL AND ANY  
6 SUBSEQUENT PERIOD, THE APPOINTING AUTHORITY AND THE STATE BUDGET  
7 OFFICE JOINTLY HAVE THE SOLE DISCRETION TO DETERMINE IF THE OFFER  
8 OF A POSTRETIREMENT OPTION POSITION WILL BE RENEWED, RENEWED WITH  
9 MODIFICATIONS, OR TERMINATED. POSTRETIREMENT OPTION POSITIONS MAY  
10 BE RENEWED FOR UP TO 1 YEAR AT A TIME, BUT NOT TO EXCEED A TOTAL OF  
11 3 YEARS. A RETIRANT SHALL NOT BE EMPLOYED IN A POSTRETIREMENT  
12 OPTION POSITION, OR A COMBINATION OF POSTRETIREMENT OPTION  
13 POSITIONS, FOR A TOTAL OF MORE THAN 3 YEARS.

14 (5) A RETIRANT WILL NOT EARN ANY SERVICE CREDIT OR BE A  
15 QUALIFIED PARTICIPANT IN TIER 2 UNDER THIS ACT WHILE EMPLOYED IN A  
16 POSTRETIREMENT OPTION POSITION. NO CHANGE TO A RETIRANT'S  
17 RETIREMENT ALLOWANCE SHALL BE MADE ON ACCOUNT OF EMPLOYMENT IN A  
18 POSTRETIREMENT OPTION POSITION.

19 (6) ~~(2)~~—A hospital, medical-surgical, and sick care benefits  
20 plan, dental plan, vision plan, and hearing plan that covers  
21 retirants, retirant allowance beneficiaries, former qualified  
22 participants, and health benefit dependents under this act shall  
23 contain a coordination of benefits provision that provides all of  
24 the following:

25 (a) If the person covered under any of the plans is also  
26 eligible for medicare, then the benefits under medicare shall be  
27 determined before the health insurance benefits under this act.

1 (b) If a person covered under any of the plans provided by  
2 this act is also covered under another plan that contains a  
3 coordination of benefits provision, the benefits shall be  
4 coordinated as provided in the coordination of benefits act, 1984  
5 PA 64, MCL 550.251 to 550.255.

6 (c) If the person covered under any of the plans provided by  
7 this act is also covered under another plan that does not contain a  
8 coordination of benefits provision, the benefits under the other  
9 plan shall be determined before the benefits provided pursuant to  
10 this act.

11 (7) IF THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET  
12 RECEIVES NOTIFICATION FROM THE UNITED STATES INTERNAL REVENUE  
13 SERVICE THAT THIS SECTION OR ANY PORTION OF THIS SECTION WILL CAUSE  
14 THE RETIREMENT SYSTEM TO BE DISQUALIFIED FOR TAX PURPOSES UNDER THE  
15 INTERNAL REVENUE CODE, THEN THE PORTION THAT WILL CAUSE THE  
16 DISQUALIFICATION DOES NOT APPLY.

17 SEC. 68D. (1) THERE IS APPROPRIATED FOR THE FISCAL YEAR ENDING  
18 SEPTEMBER 30, 2010, \$1,600,000.00 TO THE OFFICE OF RETIREMENT  
19 SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET  
20 FOR ADMINISTRATION OF THE CHANGES UNDER THE AMENDATORY ACT THAT  
21 ADDED THIS SECTION.

22 (2) THE APPROPRIATION AUTHORIZED IN SUBSECTION (1) IS A WORK  
23 PROJECT APPROPRIATION, AND ANY UNENCUMBERED OR UNALLOTTED FUNDS ARE  
24 CARRIED FORWARD INTO THE FOLLOWING FISCAL YEAR. THE FOLLOWING IS IN  
25 COMPLIANCE WITH SECTION 451A(1) OF THE MANAGEMENT AND BUDGET ACT,  
26 1984 PA 431, MCL 18.1451A:

27 (A) THE PURPOSE OF THE PROJECT IS TO ADMINISTER CHANGES UNDER

1 THE AMENDATORY ACT THAT ADDED THIS SECTION.

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

4 (C) THE TOTAL ESTIMATED COMPLETION COST OF THE WORK PROJECT IS  
5 \$1,600,000.00.

6 (D) THE ESTIMATED COMPLETION DATE FOR THE WORK PROJECT IS  
7 SEPTEMBER 30, 2011.