

HOUSE BILL NO. 4660

June 17, 2025, Introduced by Reps. Wozniak, Hope, Young, T. Carter, Conlin, Brixie, Price, MacDonell, Martus, Breen, Longjohn and Morgan and referred to Committee on Judiciary.

A bill to amend 1980 PA 300, entitled
"The public school employees retirement act of 1979,"
by amending section 85 (MCL 38.1385), as amended by 2006 PA 617.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 85. (1) A retiring member or retiring deferred member who
2 meets the requirements of section 81 or 81a or a member whom the
3 retirement board finds to be totally and permanently disabled and
4 eligible to receive a retirement allowance under section 86 or 87
5 shall elect to receive ~~his or her~~ **the member's** retirement allowance
6 under 1 of the payment options provided in this subsection. The

election ~~shall~~**must** be in writing and filed with the retirement board at least 15 days before the effective date of the retirement allowance except as provided for a disability retirant under section 86 or 87. The amount of retirement allowance under subdivision (b), (c), or (d) ~~shall~~**must** be the actuarial equivalent of the amount of retirement allowance under subdivision (a). ~~The~~
Subject to subsection (12), the options are as follows:

(a) A retirant ~~shall~~**will** be paid a straight retirement allowance for life computed ~~pursuant to~~**under** section 84. An additional retirement allowance payment ~~shall~~**must** not be made ~~upon~~
on the retirant's death.

(b) A retirant ~~shall~~**will** be paid a reduced retirement allowance for life with the provision that ~~upon~~**on** the retirant's death, payment of the reduced retirement allowance is continued throughout the lifetime of the retirement allowance beneficiary whom the member or deferred member designates in a writing filed with the retirement board at the time of election of this option. A member or deferred member may elect this option and designate a retirement allowance beneficiary under the conditions set forth in section 82(2) or 89(3).

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

(d) ~~On and after January 1, 2000,~~ **After December 31, 1999,** a retirant ~~shall~~**will** be paid a reduced retirement allowance for life with the provision that ~~upon~~**on** the retirant's death, payment of

1 75% of the reduced retirement allowance is continued throughout the
 2 lifetime of the retirement allowance beneficiary whom the member
 3 designated in a writing filed with the retirement board at the time
 4 of election of the option.

5 (2) In addition to the election under subsection (1), a
 6 retirant, other than a disability retirant who is 60 years of age
 7 or less, may elect to coordinate his or her retirement allowance
 8 with an estimated primary ~~social security~~ **Social Security** benefit.
 9 The retirant ~~shall~~ **must** be paid an increased retirement allowance
 10 until 62 years of age and a reduced retirement allowance after 62
 11 years of age. The increased retirement allowance paid until 62
 12 years of age ~~shall~~ **must** approximate the sum of the reduced
 13 retirement allowance payable after 62 years of age and the
 14 retirant's estimated ~~social security~~ **Social Security** primary
 15 insurance amount. The **retirement system shall determine the**
 16 estimated ~~social security~~ **Social Security** primary insurance amount.
 17 ~~shall be determined by the retirement system.~~ The election under
 18 this subsection ~~shall~~ **must** be made at the same time and in the same
 19 manner as required under subsection (1).

20 (3) Except as otherwise provided in this section, the election
 21 of a payment option in subsections (1) and (2) ~~shall~~ **must** not be
 22 changed on or after the effective date of the retirement allowance.
 23 Except as provided in this section, the retirement allowance
 24 beneficiary selected under subsection (1)(b), (c), or (d) ~~shall~~
 25 **must** not be changed on or after the effective date of the
 26 retirement allowance and ~~shall~~ **must** be ~~either~~ a spouse, brother,
 27 sister, parent, or child, including an adopted child, of the
 28 member, deferred member, retiring member, or retiring deferred
 29 member entitled to make the election under this act. Another

1 retirement allowance beneficiary ~~shall~~**must** not be selected. If a
 2 member, deferred member, retiring member, or retiring deferred
 3 member is married at the retirement allowance effective date, an
 4 election under subsection (1), other than an election under
 5 subsection (1)(b), (c), or (d) naming the spouse as retirement
 6 allowance beneficiary, ~~shall~~**is** not ~~be~~ effective unless the
 7 election is signed by the spouse, except that this requirement may
 8 be waived by the board if the signature of a spouse cannot be
 9 obtained because of extenuating circumstances. For purposes of this
 10 subsection, "spouse" means the ~~person~~**individual** to whom the
 11 member, deferred member, retiring member, or retiring deferred
 12 member is married ~~at~~**on** the retirement allowance effective date.
 13 Payment to a retirement allowance beneficiary ~~shall~~**must** start the
 14 first day of the month ~~following~~**after** the retirant's death.

15 (4) Except as otherwise provided in subsection (8), if the
 16 retirement allowance beneficiary selected under subsection (1)(b),
 17 (c), or (d) predeceases the retirant, the retirant's benefit ~~shall~~
 18 **must** revert to a straight retirement allowance including post-
 19 retirement adjustments, if any, ~~shall be~~**is** effective the first of
 20 the month ~~following~~**after** the death, and ~~shall~~**must** be paid during
 21 the remainder of the retirant's life. This subsection applies to a
 22 retirant whose effective date of retirement is after June 28, 1976,
 23 but the straight retirement allowance ~~shall~~**must** not be payable for
 24 any month beginning before the later of the retirement allowance
 25 beneficiary's death or October 31, 1980. This subsection also
 26 applies to a retirant whose effective date of retirement was ~~on or~~
 27 before June ~~28,~~**29**, 1976, but the straight retirement allowance
 28 ~~shall~~**must** not be payable for any month beginning before the later
 29 of the retirement allowance beneficiary's death or January 1, 1986.

1 A retirant who on January 1, 1986 is receiving a reduced retirement
2 allowance because the retirant designated a retirement allowance
3 beneficiary and the retirement allowance beneficiary predeceased
4 the retirant is eligible to receive the straight retirement
5 allowance beginning January 1, 1986, but the straight retirement
6 allowance ~~shall-is~~ not be payable for any month beginning before
7 January 1, 1986.

8 (5) A retirant who returns to service ~~pursuant to-under~~
9 section 61 and whose retirement allowance beneficiary selected
10 under subsection (1)(b), (c), or (d) predeceases the member before
11 he or she again becomes a retirant may again choose a retirement
12 allowance beneficiary ~~pursuant to-under~~ subsection (1)(b), (c), or
13 (d).

14 (6) If a retirant receiving a reduced retirement allowance
15 under subsection (1)(b), (c), or (d) is divorced from the spouse
16 who had been designated as the retirant's retirement allowance
17 beneficiary under subsection (1)(b), (c), or (d), the **retirement**
18 **system shall consider the** election of a reduced retirement
19 allowance payment option ~~shall be considered void by the retirement~~
20 ~~system~~ if the judgment of divorce or award or order of the court,
21 or an amended judgment of divorce or award or order of the court,
22 described in the public employee retirement benefit protection act,
23 2002 PA 100, MCL 38.1681 to 38.1689, and dated after June 27, 1991
24 provides that the election of a reduced retirement allowance
25 payment option under subsection (1)(b), (c), or (d) is to be
26 considered void by the retirement system and the retirant provides
27 a certified copy of the judgment of divorce or award or order of
28 the court, or an amended judgment of divorce or award or order of
29 the court, to the retirement system. If the **retirement system**

considers the election of a reduced retirement allowance payment option under subsection (1)(b), (c), or (d) ~~is considered void by the retirement system~~ under this subsection, the retirant's retirement allowance ~~shall~~ **must** revert to a straight retirement allowance, including postretirement adjustments, if any, subject to an award or order of the court as described in the public employee retirement benefit protection act, 2002 PA 100, MCL 38.1681 to 38.1689. The retirement allowance ~~shall~~ **must** revert to a straight retirement allowance under this subsection effective the first of the month after the date the retirement system receives a certified copy of the judgment of divorce or award or order of the court. This subsection does not supersede a judgment of divorce or award or order of the court in effect on June 27, 1991. This subsection does not require the retirement system to distribute or pay retirement assets on behalf of a retirant in an amount that exceeds the actuarially determined amount that would otherwise become payable if a judgment of divorce had not been rendered.

(7) If the retirement allowance payments terminate before an aggregate amount equal to the retirant's accumulated contributions has been paid, the difference between the retirant's accumulated contributions and the aggregate amount of retirement allowance payments made ~~shall~~ **must** be paid to the ~~person~~ **individual** designated in a writing filed with the retirement board on a form provided by the retirement board. If the designated ~~person~~ **individual** does not survive the retirant or retirement allowance beneficiary, the difference shall be paid to the deceased recipient's estate or to the legal representative of the deceased recipient.

(8) A retirant who selected a retirement allowance beneficiary

1 under subsection (1)(b), (c), or (d) may change his or her
2 retirement allowance beneficiary if all of the following apply:

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

4 (b) The first retirement allowance beneficiary predeceases the
5 retirant after the retirement allowance effective date.

6 (c) The retirant marries another spouse after the retirement
7 allowance effective date.

8 (d) The retirant files a written request with the retirement
9 system to name his or her current spouse as a retirement allowance
10 beneficiary not earlier than 180 days and not later than 1 year
11 after the marriage of the retirant and the current spouse except
12 that a retirant whose first retirement allowance beneficiary
13 predeceases the retirant after the retirement allowance effective
14 date and before ~~the effective date of the amendatory act that added~~
15 ~~this subsection shall have~~ **January 1, 2009 has** 180 days ~~from the~~
16 ~~effective date of the amendatory act that added this subsection~~
17 **after January 1, 2009** to file a written request with the retirement
18 system.

19 (9) A retirant who was not married on ~~his or her~~ **the**
20 **retirant's** retirement allowance effective date and who did not
21 select a payment option provided in this section may select an
22 optional form of benefit payment under subsection (1)(b), (c), or
23 (d) and designate a retirement allowance beneficiary if all of the
24 following apply:

25 (a) The retirant marries after ~~his or her~~ **the retirant's**
26 retirement allowance effective date.

27 (b) The retirement allowance beneficiary is the retirant's
28 spouse.

29 (c) The retirement allowance beneficiary is only designated as

1 the retirement allowance beneficiary for that portion of the
 2 retirant's retirement allowance that is not subject to an eligible
 3 domestic relations order assigning a previous spouse a reduced
 4 benefit under section 4(b) of the eligible domestic relations order
 5 act, 1991 PA 46, MCL 38.1704.

6 (d) The retirant files a written request with the retirement
 7 system to select the optional form of benefit payment under
 8 subsection (1)(b), (c), or (d) and to designate his or her spouse
 9 as the retirement allowance beneficiary, not earlier than 180 days
 10 and not later than 1 year after the retirant's marriage except that
 11 a retirant who marries after the retirement allowance effective
 12 date and before ~~the effective date of the amendatory act that added~~
 13 ~~this subsection shall have~~ **January 1, 2009 has** 180 days ~~from the~~
 14 ~~effective date of the amendatory act that added this subsection~~
 15 **after January 1, 2009** to file a written request with the retirement
 16 system.

17 (10) The retirement allowance of the retirant who makes an
 18 election under subsection (8) or (9) ~~shall~~ **must** not be greater than
 19 the actuarial equivalent of the retirement allowance as determined
 20 by the retirement board that the retirant would otherwise be
 21 entitled to under subsection (1)(a) and ~~shall~~ **must** become effective
 22 the first day of the month ~~following~~ **after** the filing of the
 23 written request with the retirement system.

24 (11) If the retirant dies ~~no~~ **not** later than 12 months after
 25 the effective date of ~~his or her~~ **the retirant's** election under
 26 subsection (8) or (9), the retirement allowance for the surviving
 27 spouse established under subsection (8) or (9) ~~shall~~ **must** terminate
 28 12 months after the death of the retirant.

29 (12) **If a retirement allowance beneficiary selected under**

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