

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 6475**

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

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

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

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

16 (6) "Distributee" includes a member or deferred member.
17 Distributee also includes the member's or deferred member's
18 surviving spouse or the member's or deferred member's spouse or
19 former spouse under an eligible domestic relations order, with
20 regard to the interest of the spouse or former spouse.

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

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

26 (a) An individual retirement account described in section
27 408(a) of the internal revenue code, 26 USC 408.

1 (b) An individual retirement annuity described in section
2 408(b) of the internal revenue code, 26 USC 408.

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

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

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

9 (f) An eligible plan under section 457(b) of the internal
10 revenue code, 26 USC 457, ~~which~~**THAT** is maintained by a state,
11 political subdivision of a state, or an agency or instrumentality
12 of a state or political subdivision of a state and ~~which~~**THAT**
13 agrees to separately account for amounts transferred into the
14 eligible plan under section 457(b) of the internal revenue code, 26
15 USC 457, from this retirement system, that accepts the
16 distributee's eligible rollover distribution.

17 (g) Beginning January 1, 2008, a Roth individual retirement
18 account as described in section 408A of the internal revenue code,
19 26 USC 408A, subject to the rules that apply to rollovers from a
20 traditional individual retirement account to a Roth individual
21 retirement account.

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

26 (a) A distribution made for the life or life expectancy of the
27 distributee or the joint lives or joint life expectancies of the

1 distributee and the distributee's designated beneficiary.

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

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

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

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

11 (ii) A qualified plan described in section 401(a) of the
12 internal revenue code, 26 USC 401, or an annuity contract described
13 in section 403(b) of the internal revenue code, 26 USC 403, and the
14 plan providers agree to separately account for the amounts paid,
15 including any portion of the distribution that is includable in
16 federal gross income, and the portion of the distribution ~~which~~
17 **THAT** is not so includable.

18 (10) "Final average compensation" means, **EXCEPT AS OTHERWISE**
19 **PROVIDED IN THIS SUBSECTION**, the average annual salary for the last
20 2 years of service with the department of state police for which
21 the member was compensated as defined in subsection (13). ~~In the~~
22 ~~case of~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR** a
23 nonclassified member of the department holding the rank of colonel,
24 final average compensation means the same average annual salary as
25 that computed for the highest salaried classified member of the
26 department, or at the average annual salary for the last 2 years of
27 service with the department of state police for which the member

1 was compensated, whichever is greater. **BEGINNING WITH THE EFFECTIVE**
2 **DATE OF THE AMENDATORY ACT THAT ADDED SECTION 42A, FOR A MEMBER WHO**
3 **FIRST BECAME A MEMBER ON OR AFTER JUNE 10, 2012, FINAL AVERAGE**
4 **COMPENSATION MEANS THE AVERAGE SALARY FOR THE LAST 5 YEARS OF**
5 **SERVICE FOR WHICH THE MEMBER WAS COMPENSATED AS DEFINED IN**
6 **SUBSECTION (14).** Average annual salary includes only the following
7 compensation items:

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

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

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

16 **(iii)** ~~(c)~~ Gross pay adjustments paid affecting the last 2
17 years of service, including compensatory time and emergency
18 response compensation.

19 **(iv)** ~~(d)~~ Up to a maximum of 240 hours of accumulated annual
20 leave, paid at the time of retirement separation excluding part B
21 annual leave hours paid at the time of retirement separation.

22 **(v)** ~~(e)~~ Deferred hours under Plan B of the fiscal years ending
23 September 30, 1981, and September 30, 1982, that are paid at the
24 time of retirement separation.

25 **(vi)** ~~(f)~~ Longevity pay equal to 2 full years.

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

27 **(viii)** ~~(h)~~ Post 29 freeway premium paid for the last 2 years

1 of service.

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

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

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

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

16 (i) REGULAR SALARY PAID FOR THE LAST 5 YEARS OF SERVICE,
17 INCLUDING, BUT NOT LIMITED TO, THAT SALARY THAT IS DEFERRED
18 PURSUANT TO A STATE DEFERRED COMPENSATION PROGRAM.

19 (ii) SHIFT DIFFERENTIAL.

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

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

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

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

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

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

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

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

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

15 (12) "Internal revenue code" means the United States internal
16 revenue code of 1986.

17 (13) "Last 2 years of service" means the 2-year period
18 immediately preceding the member's last day of service or that
19 period of 2 consecutive years of service with the department of
20 state police immediately preceding the date the duty disability
21 occurred according to the medical examinations conducted pursuant
22 ~~to~~ UNDER section 29 or, if the officer participated in the deferred
23 retirement option plan, the 2-year period immediately preceding
24 participation in the deferred retirement option plan.

25 (14) "LAST 5 YEARS OF SERVICE" MEANS THE 5-YEAR PERIOD
26 IMMEDIATELY PRECEDING THE MEMBER'S LAST DAY OF SERVICE OR THAT
27 PERIOD OF 5 CONSECUTIVE YEARS OF SERVICE WITH THE DEPARTMENT OF

1 STATE POLICE IMMEDIATELY PRECEDING THE DATE THE DUTY DISABILITY
2 OCCURRED ACCORDING TO THE MEDICAL EXAMINATIONS CONDUCTED UNDER
3 SECTION 29.

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

7 (2) "Officer" means a nonexclusively represented member of the
8 retirement system.

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

12 (4) "REGULAR INTEREST" MEANS A RATE OR RATES PER ANNUM,
13 COMPOUNDED ANNUALLY, AS THE RETIREMENT BOARD DETERMINES. FOR THE
14 PURPOSES OF EMPLOYEE REFUNDS, THE INTEREST RATE PAYABLE MUST NOT
15 EXCEED 4% PER ANNUM, COMPOUNDED ANNUALLY.

16 (5) ~~(3)~~ "Retirant" means a member who separates from service
17 and retires with a retirement allowance payable from the
18 appropriate reserve of the retirement system.

19 (6) ~~(4)~~ "Retirement allowance" means the annual amount,
20 payable monthly, to which a retirant, retirement allowance
21 beneficiary, or refund beneficiary is entitled ~~pursuant to~~ **UNDER**
22 this act.

23 (7) ~~(5)~~ "Retirement allowance beneficiary" means a person who
24 is being paid or has entitlement to the payment of a retirement
25 allowance in the event of the death of a member, deferred member,
26 or retirant.

27 (8) ~~(6)~~ "Retirement board" means the retirement board created

1 in section 6.

2 (9) ~~(7)~~—"Retirement system" means the system of benefits for
3 members **AND QUALIFIED PARTICIPANTS** of the department of state
4 police and their survivors and beneficiaries provided by this act.

5 (10) ~~(8)~~—"Surviving spouse" means the spouse at the time of
6 death of the member or retirant.

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

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

12 Sec. 11. (1) The retirement board, in consultation with the
13 department, shall engage an actuary, in conformance with section
14 261 of the management and budget act, ~~Act No. 431 of the Public~~
15 ~~Acts of 1984, being section 18.1261 of the Michigan Compiled~~
16 ~~Laws.1984 PA 431, MCL 18.1261.~~

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

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

27 (4) **EVERY APRIL 1 FOLLOWING A PERIODIC REVIEW OF RISK**

1 ASSUMPTIONS UNDER SUBSECTION (3), THE OFFICE OF RETIREMENT SERVICES
 2 ON BEHALF OF THE DEPARTMENT AND THE STATE TREASURER SHALL
 3 COLLABORATE TO SUBMIT A REPORT TO THE SENATE MAJORITY LEADER, THE
 4 SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE SENATE AND HOUSE OF
 5 REPRESENTATIVES APPROPRIATIONS COMMITTEES, THE SENATE AND HOUSE
 6 FISCAL AGENCIES, AND THE DEPARTMENT OF STATE POLICE. A REPORT
 7 REQUIRED UNDER THIS SUBSECTION MUST BE PUBLISHED ON THE OFFICE OF
 8 RETIREMENT SERVICES'S WEBSITE AND INCLUDE AT LEAST ALL OF THE
 9 FOLLOWING:

10 (A) FORECASTED RATE OF RETURN ON INVESTMENTS AT ALL OF THE
 11 FOLLOWING PROBABILITY LEVELS:

- 12 (i) 5%.
- 13 (ii) 25%.
- 14 (iii) 50%
- 15 (iv) 75%.
- 16 (v) 95%.

17 (B) THE ACTUAL RATE OF RETURN ON INVESTMENTS FOR 10-, 15-, AND
 18 20-YEAR TIME INTERVALS.

19 (C) MORTALITY ASSUMPTIONS.

20 (D) RETIREMENT AGE ASSUMPTIONS.

21 (E) PAYROLL GROWTH ASSUMPTIONS.

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

24 Sec. 12. The retirement board shall elect from its membership
 25 a chairperson who shall take office immediately ~~upon~~ **ON** election
 26 and serve until a successor is elected. The director of the ~~bureau~~
 27 **OFFICE** of retirement ~~systems,~~ **SERVICE**, department of **TECHNOLOGY**,

1 management, and budget, ~~shall be~~ **IS** the executive secretary of the
2 retirement system.

3 Sec. 14. (1) The funding objective of the retirement system is
4 to establish and receive contributions during each fiscal year that
5 are sufficient to fully cover the actuarial cost of benefits likely
6 to be paid on account of services rendered by members during the
7 fiscal year, the normal cost requirements of the retirement system,
8 and finance the unfunded actuarial costs of benefits likely to be
9 paid on account of service rendered ~~prior to~~ **BEFORE** the fiscal
10 year, the unfunded actuarial accrued liability of the retirement
11 system, and health, dental, and vision insurance.

12 (2) ~~The~~ **SUBJECT TO SUBSECTIONS (5) TO (7), THE** annual level
13 percentage of payroll contribution rate ~~shall~~ **MUST** be actuarially
14 determined using experience assumptions and level percent of
15 payroll actuarial cost methods adopted by the retirement board and
16 the department pursuant to an annual actuarial valuation, which
17 ~~shall~~ **MUST** be sufficient to finance benefits being provided and to
18 be provided by the retirement system.

19 (3) ~~For~~ **SUBJECT TO SUBSECTIONS (5) TO (7), FOR** differences
20 occurring in fiscal years beginning on or after October 1, 2001, a
21 minimum of 20% of the difference between the estimated and the
22 actual aggregate compensation and the estimated and the actual
23 contribution rate described in subsection (2), if any, may be
24 submitted in the executive budget to the legislature for
25 appropriation in the next succeeding state fiscal year and a
26 minimum of 25% of the remaining difference ~~shall~~ **MUST** be submitted
27 in the executive budget to the legislature for appropriation in

1 each of the following 4 state fiscal years, or until 100% of the
2 remaining difference is submitted, whichever first occurs. In
3 addition, interest ~~shall~~**MUST** be included for each year that a
4 portion of the remaining difference is carried forward. The
5 interest rate ~~shall~~**MUST** equal the actuarially assumed rate of
6 investment return for the state fiscal year in which payment is
7 made.

8 (4) For each fiscal year that begins on or after October 1,
9 2003, if the actuarial valuation prepared ~~pursuant to~~**UNDER** this
10 section for each fiscal year demonstrates that as of the beginning
11 of a fiscal year, and after all credits and transfers required by
12 this act for the previous fiscal year have been made, the sum of
13 the actuarial value of assets and the actuarial present value of
14 future normal cost contributions exceeds the actuarial present
15 value of benefits, the amount based on the annual level percent of
16 payroll contribution rate ~~pursuant to~~**UNDER** subsections (1) and (2)
17 may be deposited into the health advance funding subaccount created
18 by section 42.

19 (5) **BEGINNING WITH THE STATE FISCAL YEAR ENDING SEPTEMBER 30,**
20 **2022 UNTIL THE PENSION AND RETIREE HEALTH CARE PAYROLL GROWTH**
21 **ASSUMPTION RATE IS ZERO, THE PAYROLL GROWTH ASSUMPTION RATE MUST BE**
22 **REDUCED BY 50 BASIS POINTS. BEGINNING WITH THE STATE FISCAL YEAR**
23 **ENDING SEPTEMBER 30, 2022, THE OFFICE OF RETIREMENT SERVICES WITHIN**
24 **THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET AND THE**
25 **RETIREMENT BOARD MAY AGREE TO REDUCE THE RATE DESCRIBED IN THIS**
26 **SUBSECTION BY ANY NUMBER OF ADDITIONAL BASIS POINTS.**

27 (6) **BEGINNING WITH THE STATE FISCAL YEAR ENDING SEPTEMBER 30,**

1 2019 AND FOR EACH SUBSEQUENT FISCAL YEAR, THE NORMAL COST
2 CONTRIBUTION RATE MUST NOT BE LESS THAN THE NORMAL COST
3 CONTRIBUTION RATE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.
4 ADDITIONALLY, THE EMPLOYER PORTION OF THE CONTRIBUTION RATE MUST
5 NOT BE LESS THAN THE EMPLOYER PORTION OF THE CONTRIBUTION RATE IN
6 THE IMMEDIATELY PRECEDING FISCAL YEAR.

7 (7) SUBJECT TO THIS SUBSECTION, BEGINNING WITH THE STATE
8 FISCAL YEAR ENDING SEPTEMBER 30, 2019 AND FOR EACH SUBSEQUENT
9 FISCAL YEAR UNTIL THE UNFUNDED ACTUARIAL ACCRUED LIABILITY IS PAID
10 OFF, THE UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION SUM AND
11 DUE PAYABLE MUST NOT BE LESS THAN THE UNFUNDED ACTUARIAL ACCRUED
12 LIABILITY CONTRIBUTION SUM AND DUE PAYABLE IN THE IMMEDIATELY
13 PRECEDING FISCAL YEAR. THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
14 MUST BE PAID OFF NO LATER THAN SEPTEMBER 30, 2038. ADDITIONALLY,
15 THE EMPLOYER PORTION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
16 CONTRIBUTION SUM AND DUE PAYABLE MUST NOT BE LESS THAN THE EMPLOYER
17 PORTION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION
18 SUM AND DUE PAYABLE IN THE IMMEDIATELY PRECEDING FISCAL YEAR.

19 (8) ~~(5)~~—Notwithstanding any other provision of this act, if
20 the retirement board establishes an arrangement and fund as
21 described in section 6 of the public employee retirement benefit
22 protection act, 2002 PA 100, MCL 38.1686, the benefits that are
23 required to be paid from that fund ~~shall~~**MUST** be paid from a
24 portion of the employer contributions described in this section or
25 other eligible funds. The retirement board shall determine the
26 amount of the employer contributions or other eligible funds that
27 must be allocated to that fund and deposit that amount in that fund

1 before it deposits any remaining employer contributions or other
2 eligible funds in the pension fund.

3 Sec. 14a. (1) This section is enacted ~~pursuant to~~ **UNDER**
4 section 401(a) of the internal revenue code, **26 USC 401**, that
5 imposes certain administrative requirements and benefit limitations
6 for qualified governmental plans. This state intends that the
7 retirement system be a qualified pension plan created in trust
8 under section 401 of the internal revenue code, **26 USC 401**, and
9 that the trust be an exempt organization under section 501 of the
10 internal revenue code, **26 USC 501**. The department shall administer
11 the retirement system to fulfill this intent.

12 (2) The retirement system ~~shall~~ **MUST** be administered in
13 compliance with section 415 of the internal revenue code, 26 USC
14 415, and regulations under that section that are applicable to
15 governmental plans and, beginning January 1, 2010, applicable
16 provisions of the final regulations issued by the ~~internal revenue~~
17 ~~service~~ **INTERNAL REVENUE SERVICE** on April 5, 2007. Employer-
18 financed benefits provided by the retirement system under this act
19 ~~shall~~ **MUST** not exceed the applicable limitations set forth in
20 section 415 of the internal revenue code, 26 USC 415, as adjusted
21 by the commissioner of internal revenue under section 415(d) of the
22 internal revenue code, 26 USC 415, to reflect cost of living
23 increases, and the retirement system ~~shall~~ **MUST** adjust the
24 benefits, including benefits payable to retirants and retirement
25 allowance beneficiaries, subject to the limitation each calendar
26 year to conform with the adjusted limitation. For purposes of
27 section 415(b) of the internal revenue code, 26 USC 415, the

1 applicable limitation ~~shall apply~~ **APPLIES** to aggregated benefits
2 received from all qualified pension plans for which the office of
3 retirement services coordinates administration of that limitation.
4 If there is a conflict between this section and another section of
5 this act, this section prevails.

6 (3) The assets of the retirement system ~~shall~~ **MUST** be held in
7 trust and invested for the sole purpose of meeting the legitimate
8 obligations of the retirement system and ~~shall~~ **MUST** not be used for
9 any other purpose. The assets ~~shall~~ **MUST** not be used for or
10 diverted to a purpose other than for the exclusive benefit of the
11 members, deferred members, retirants, and beneficiaries before
12 satisfaction of all retirement system liabilities.

13 (4) The retirement system shall return post-tax member
14 contributions made by a member and received by the retirement
15 system to a member upon retirement, pursuant to ~~internal revenue~~
16 ~~service~~ **INTERNAL REVENUE SERVICE** regulations and approved ~~internal~~
17 ~~revenue service~~ **INTERNAL REVENUE SERVICE** exclusion ratio tables.

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

1 requirements apply to this act.

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

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

15 **BEGINNING OCTOBER 1, 2010, A NONSPOUSE BENEFICIARY MAY ELECT TO**
16 **HAVE ANY PORTION OF AN AMOUNT PAYABLE UNDER THIS ACT THAT IS AN**
17 **ELIGIBLE ROLLOVER DISTRIBUTION TREATED AS A DIRECT ROLLOVER THAT**
18 **WILL BE PAID IN A DIRECT TRUSTEE-TO-TRUSTEE TRANSFER TO AN**
19 **INDIVIDUAL RETIREMENT ACCOUNT OR INDIVIDUAL RETIREMENT ANNUITY**
20 **DESCRIBED IN SECTION 408(A) OR (B) OF THE INTERNAL REVENUE CODE, 26**
21 **USC 408, THAT IS ESTABLISHED FOR THE PURPOSE OF RECEIVING A**
22 **DISTRIBUTION ON BEHALF OF THE BENEFICIARY AND THAT WILL BE TREATED**
23 **AS AN INHERITED INDIVIDUAL RETIREMENT ACCOUNT OR INDIVIDUAL**
24 **RETIREMENT ANNUITY PURSUANT TO SECTION 402(C) (11) OF THE INTERNAL**
25 **REVENUE CODE, 26 USC 402.**

26 (8) Notwithstanding any other provision of this act, the
27 compensation of a member of the retirement system ~~shall~~**MUST** be

1 taken into account for any year under the retirement system only to
2 the extent that it does not exceed the compensation limit
3 established in section 401(a)(17) of the internal revenue code, 26
4 USC 401, as adjusted by the commissioner of internal revenue. This
5 subsection applies to any person who first becomes a member of the
6 retirement system on or after October 1, 1996.

7 (9) Notwithstanding any other provision of this act,
8 contributions, benefits, and service credit with respect to
9 qualified military service will be provided under the retirement
10 system in accordance with section 414(u) of the internal revenue
11 code, 26 USC 414. This subsection applies to all qualified military
12 service on or after December 12, 1994. Effective January 1, 2007,
13 in accordance with section 401(a)(37) of the internal revenue code,
14 26 USC 401, if a member dies while performing qualified military
15 service for purposes of determining any death benefits payable
16 under this act, the member ~~shall be~~ **IS** treated as having resumed
17 and then terminated employment on account of death.

18 Sec. 15. (1) The reserve for employee contributions is the
19 account in which member contributions are accumulated and from
20 which ~~shall~~ **MUST** be made refunds and transfers of accumulated
21 member contributions. The retirement system shall maintain 1 or
22 more separate subaccounts for each person having an interest in
23 this account. **MEMBER CONTRIBUTIONS MUST BE ACCUMULATED AT REGULAR**
24 **INTEREST TO THE SUBACCOUNTS OF THE MEMBERS.**

25 (2) Accumulated member contributions ~~shall~~ **MUST** be transferred
26 from the reserve for employee contributions to the reserve for
27 retired benefit payments ~~upon~~ **ON** the retirement or death of a

1 member or deferred member.

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

9 (2) BEGINNING ON OCTOBER 1, 2012, AND ENDING ON THE MEMBER'S
10 TERMINATION OF EMPLOYMENT, EACH MEMBER HIRED BEFORE JUNE 10, 2012
11 WHO, ON OCTOBER 1, 2012, WAS A BARGAINING UNIT EMPLOYEE COVERED BY
12 THE STATE POLICE DEFINED BENEFIT RETIREMENT PLAN SHALL CONTRIBUTE
13 AN AMOUNT EQUAL TO 1% OF HIS OR HER COMPENSATION TO THE RESERVE FOR
14 EMPLOYEE CONTRIBUTIONS. BEGINNING ON OCTOBER 1, 2013, MEMBERS
15 DESCRIBED IN THIS SUBSECTION SHALL CONTRIBUTE AN ADDITIONAL AMOUNT
16 EQUAL TO 1% OF HIS OR HER COMPENSATION TO THE RESERVE FOR EMPLOYEE
17 CONTRIBUTIONS.

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

22 (4) THE STATE SHALL PICK UP THE MEMBER CONTRIBUTIONS REQUIRED
23 UNDER SUBSECTIONS (1) AND (2). CONTRIBUTIONS PICKED UP MUST BE
24 TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING TAX TREATMENT
25 UNDER THE INTERNAL REVENUE CODE. THE STATE SHALL PAY THESE MEMBER
26 CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS THAT IS USED IN PAYING
27 COMPENSATION TO THE MEMBER.

1 **(5) A MEMBER IS ENTITLED TO THE BENEFIT OF ALL CONTRIBUTIONS**
 2 **MADE UNDER THIS SECTION IN THE SAME MANNER AS PROVIDED UNDER**
 3 **SECTION 15.**

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

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

15 **(3) ~~(2)~~**A member who resigns, dies, is transferred to a
 16 position not covered by the retirement system, or is dismissed for
 17 a reason other than his or her retirement or breach of the public
 18 trust, ~~upon~~ **ON** application is entitled to receive in a lump sum,
 19 payable to him or her or his or her legal representative if the
 20 member dies or is legally disabled, 100% of the contributions made
 21 into the reserve for employee contributions. **ANY UNCLAIMED**
 22 **CONTRIBUTIONS MUST BE TRANSFERRED FROM THE RESERVE FOR EMPLOYEE**
 23 **CONTRIBUTIONS TO THE RESERVE FOR RETIRED BENEFIT PAYMENTS.**

24 Sec. 24. (1) ~~A~~ **EXCEPT AS PROVIDED IN SECTION 24B AND SUBJECT**
 25 **TO SUBSECTION (14), A** member who **FIRST BECAME A MEMBER BEFORE JUNE**
 26 **10, 2012 AND WHO** has 25 years or more of credited service under
 27 this act or former ~~Act No. 1935 PA 251, of the Public Acts of 1935,~~

1 or both, may retire ~~upon~~**ON** his or her written application to the
2 retirement board, stating a date, not less than 30 nor more than 90
3 days after the execution and filing of the application, he or she
4 desires to retire. However, a member **DESCRIBED IN THIS SUBSECTION**
5 who becomes 56 years of age shall retire. A member retiring under
6 this subsection ~~shall be~~**IS** entitled to receive a retirement
7 allowance equal to 60% of his or her final average compensation.

8 (2) ~~If~~**SUBJECT TO SUBSECTION (4), IF** a retirant receiving a
9 retirement allowance under subsection (1) dies, the retirement
10 allowance ~~shall~~**MUST** continue to be paid to the surviving spouse of
11 the retirant for the rest of the spouse's life. If there is not a
12 surviving spouse or ~~upon~~**ON** the spouse's death, ~~then~~ the retirement
13 allowance ~~shall~~**MUST** be paid to the children under the age of 18 of
14 the retirant, share and share alike. If the surviving spouse dies
15 and there are not eligible children, ~~there shall be paid~~**THE**
16 **RETIREMENT SYSTEM SHALL PAY** to the retirant's estate or his or her
17 legal representative any residual accumulated contributions and
18 interest made by the retirant into the fund.

19 (3) If the director of the department of state police orders
20 the retirement of any member eligible to retire for reason or
21 reasons other than having become 56 years of age, and that member
22 is aggrieved by the order, the member ~~so affected shall be~~**AFFECTED**
23 **BY AN ORDER DESCRIBED IN THIS SUBSECTION IS** entitled to appeal to
24 the retirement board. An appeal ~~shall~~**MUST** be in writing and filed
25 with the retirement board within 30 days after receipt of the order
26 of retirement. The retirement board shall set the appeal for
27 hearing within 30 days after the filing of the appeal and shall

1 review the facts as presented and determine whether the order of
2 retirement ~~shall~~ **WILL** continue or be revoked.

3 (4) A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JULY 1,
4 2006 AS A NEW BARGAINING UNIT EMPLOYEE SHALL ELECT TO RECEIVE HIS
5 OR HER RETIREMENT ALLOWANCE UNDER 1 OF THE PAYMENT OPTIONS PROVIDED
6 IN THIS SUBSECTION. THE ELECTION MUST BE IN WRITING AND FILED WITH
7 THE RETIREMENT BOARD AT LEAST 15 DAYS BEFORE THE EFFECTIVE DATE OF
8 THE RETIREMENT ALLOWANCE EXCEPT AS PROVIDED FOR A DISABILITY
9 RETIRANT UNDER SECTIONS 26, 27, AND 28. THE AMOUNT OF RETIREMENT
10 ALLOWANCE UNDER SUBDIVISION (B), (C), OR (D) IS THE ACTUARIAL
11 EQUIVALENT OF THE AMOUNT OF RETIREMENT ALLOWANCE UNDER SUBDIVISION
12 (A). THE OPTIONS ARE AS FOLLOWS:

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

16 (B) THE RETIRANT WILL BE PAID A REDUCED RETIREMENT ALLOWANCE
17 FOR LIFE WITH A PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
18 THE REDUCED RETIREMENT ALLOWANCE WILL BE CONTINUED THROUGHOUT THE
19 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER OR
20 DEFERRED MEMBER DESIGNATED IN A WRITING FILED WITH THE RETIREMENT
21 BOARD AT THE TIME OF ELECTION OF THIS OPTION. A MEMBER OR DEFERRED
22 MEMBER MAY ELECT THIS OPTION AND DESIGNATE A RETIREMENT ALLOWANCE
23 BENEFICIARY UNDER THE CONDITIONS SET FORTH IN SUBSECTION (5).

24 (C) A RETIRANT MUST BE PAID A REDUCED RETIREMENT ALLOWANCE FOR
25 LIFE WITH THE PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
26 1/2 OF THE REDUCED RETIREMENT ALLOWANCE IS CONTINUED THROUGHOUT THE
27 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER

1 DESIGNATED IN A WRITING FILED WITH THE RETIREMENT BOARD AT THE TIME
2 OF ELECTION OF THE OPTION.

3 (D) A RETIRANT MUST BE PAID A REDUCED RETIREMENT ALLOWANCE FOR
4 LIFE WITH THE PROVISION THAT ON THE RETIRANT'S DEATH, PAYMENT OF
5 75% OF THE REDUCED RETIREMENT ALLOWANCE IS CONTINUED THROUGHOUT THE
6 LIFETIME OF THE RETIREMENT ALLOWANCE BENEFICIARY WHOM THE MEMBER
7 DESIGNATED IN A WRITING FILED WITH THE RETIREMENT BOARD AT THE TIME
8 OF ELECTION OF THE OPTION.

9 (5) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
10 RETIREMENT ALLOWANCE BENEFICIARY SELECTED UNDER SUBSECTION (4) (B) ,
11 (C) , OR (D) MUST NOT BE CHANGED ON OR AFTER THE EFFECTIVE DATE OF
12 THE RETIREMENT ALLOWANCE AND MUST BE EITHER A SPOUSE, BROTHER,
13 SISTER, PARENT, OR CHILD, INCLUDING AN ADOPTED CHILD, OF THE
14 MEMBER, DEFERRED MEMBER, RETIRING MEMBER, OR RETIRING DEFERRED
15 MEMBER ENTITLED TO MAKE THE ELECTION UNDER THIS ACT. ANOTHER
16 RETIREMENT ALLOWANCE BENEFICIARY MUST NOT BE SELECTED. IF A MEMBER,
17 DEFERRED MEMBER, RETIRING MEMBER, OR RETIRING DEFERRED MEMBER IS
18 MARRIED AT THE RETIREMENT ALLOWANCE EFFECTIVE DATE, AN ELECTION
19 UNDER SUBSECTION (4) , OTHER THAN AN ELECTION UNDER SUBSECTION
20 (4) (B) , NAMING THE SPOUSE AS RETIREMENT ALLOWANCE BENEFICIARY, IS
21 NOT EFFECTIVE UNLESS THE ELECTION IS SIGNED BY THE SPOUSE, EXCEPT
22 THAT THIS REQUIREMENT MAY BE WAIVED BY THE BOARD IF THE SIGNATURE
23 OF A SPOUSE CANNOT BE OBTAINED BECAUSE OF EXTENUATING
24 CIRCUMSTANCES. FOR PURPOSES OF THIS SUBSECTION, "SPOUSE" MEANS THE
25 INDIVIDUAL TO WHOM THE MEMBER, DEFERRED MEMBER, RETIRING MEMBER, OR
26 RETIRING DEFERRED MEMBER IS MARRIED AT THE RETIREMENT ALLOWANCE
27 EFFECTIVE DATE. PAYMENT TO A RETIREMENT ALLOWANCE BENEFICIARY MUST

1 START THE FIRST DAY OF THE MONTH FOLLOWING THE RETIRANT'S DEATH.

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

9 (7) IF A RETIRANT RECEIVING A REDUCED RETIREMENT ALLOWANCE
10 UNDER SUBSECTION (4) (B), (C), OR (D) IS DIVORCED FROM THE SPOUSE
11 WHO HAD BEEN DESIGNATED AS THE RETIRANT'S RETIREMENT ALLOWANCE
12 BENEFICIARY UNDER SUBSECTION (4) (B), (C), OR (D), THE ELECTION OF A
13 REDUCED RETIREMENT ALLOWANCE PAYMENT OPTION IS CONSIDERED VOID BY
14 THE RETIREMENT SYSTEM IF THE JUDGMENT OF DIVORCE OR AWARD OR ORDER
15 OF THE COURT, OR AN AMENDED JUDGMENT OF DIVORCE OR AWARD OR ORDER
16 OF THE COURT, DESCRIBED IN THE PUBLIC EMPLOYEE RETIREMENT BENEFIT
17 PROTECTION ACT, 2002 PA 100, MCL 38.1681 TO 38.1689, AND DATED
18 AFTER JUNE 27, 1991 PROVIDES THAT THE ELECTION OF A REDUCED
19 RETIREMENT ALLOWANCE PAYMENT OPTION UNDER SUBSECTION (4) (B), (C),
20 OR (D) IS TO BE CONSIDERED VOID BY THE RETIREMENT SYSTEM AND THE
21 RETIRANT PROVIDES A CERTIFIED COPY OF THE JUDGMENT OF DIVORCE OR
22 AWARD OR ORDER OF THE COURT, OR AN AMENDED JUDGMENT OF DIVORCE OR
23 AWARD OR ORDER OF THE COURT, TO THE RETIREMENT SYSTEM. IF THE
24 ELECTION OF A REDUCED RETIREMENT ALLOWANCE PAYMENT OPTION UNDER
25 SUBSECTION (4) (B), (C), OR (D) IS CONSIDERED VOID BY THE RETIREMENT
26 SYSTEM UNDER THIS SUBSECTION, THE RETIRANT'S RETIREMENT ALLOWANCE
27 MUST REVERT TO A STRAIGHT RETIREMENT ALLOWANCE, INCLUDING

1 POSTRETIREMENT ADJUSTMENTS, IF ANY, SUBJECT TO AN AWARD OR ORDER OF
2 THE COURT AS DESCRIBED IN THE PUBLIC EMPLOYEE RETIREMENT BENEFIT
3 PROTECTION ACT, 2002 PA 100, MCL 38.1681 TO 38.1689. THE RETIREMENT
4 ALLOWANCE MUST REVERT TO A STRAIGHT RETIREMENT ALLOWANCE UNDER THIS
5 SUBSECTION EFFECTIVE THE FIRST OF THE MONTH AFTER THE DATE THE
6 RETIREMENT SYSTEM RECEIVES A CERTIFIED COPY OF THE JUDGMENT OF
7 DIVORCE OR AWARD OR ORDER OF THE COURT. THIS SUBSECTION DOES NOT
8 SUPERSEDE A JUDGMENT OF DIVORCE OR AWARD OR ORDER OF THE COURT IN
9 EFFECT ON JUNE 27, 1991. THIS SUBSECTION DOES NOT REQUIRE THE
10 RETIREMENT SYSTEM TO DISTRIBUTE OR PAY RETIREMENT ASSETS ON BEHALF
11 OF A RETIRANT IN AN AMOUNT THAT EXCEEDS THE ACTUARIALLY DETERMINED
12 AMOUNT THAT WOULD OTHERWISE BECOME PAYABLE IF A JUDGMENT OF DIVORCE
13 HAD NOT BEEN RENDERED.

14 (8) A RETIRANT, WHO IS DIVORCED AFTER PAYMENT OF HIS OR HER
15 RETIREMENT ALLOWANCE BEGINS AND WHOSE FORMER SPOUSE IS HIS OR HER
16 RETIREMENT ALLOWANCE BENEFICIARY, MAY CHANGE HIS OR HER SURVIVOR
17 OPTION TO THE STRAIGHT LIFE OPTION ONLY IF AN ORDER OF THE COURT
18 STATES THAT THE ELECTION OF A SURVIVOR OPTION UNDER SUBSECTION (4)
19 IS CONSIDERED VOID BY THE RETIREMENT SYSTEM. A RETIRANT WHO
20 SUBSEQUENTLY REMARRIES MAY ELECT A SURVIVOR RETIREMENT ALLOWANCE
21 OPTION FOR HIS OR HER SPOUSE OF 100%, 75%, OR 50% OF HIS OR HER
22 ACTUARIALLY REDUCED MONTHLY PAYMENTS, UNLESS OTHERWISE PRECLUDED BY
23 COURT ORDER.

24 (9) IF THE RETIREMENT ALLOWANCE PAYMENTS TERMINATE BEFORE AN
25 AGGREGATE AMOUNT EQUAL TO THE RETIRANT'S ACCUMULATED CONTRIBUTIONS
26 HAS BEEN PAID, THE DIFFERENCE BETWEEN THE RETIRANT'S ACCUMULATED
27 CONTRIBUTIONS AND THE AGGREGATE AMOUNT OF RETIREMENT ALLOWANCE

1 PAYMENTS MADE MUST BE PAID TO THE PERSON DESIGNATED IN A WRITING
2 FILED WITH THE RETIREMENT BOARD ON A FORM PROVIDED BY THE
3 RETIREMENT BOARD. IF THE DESIGNATED PERSON DOES NOT SURVIVE THE
4 RETIRANT OR RETIREMENT ALLOWANCE BENEFICIARY, THE DIFFERENCE MUST
5 BE PAID TO THE DECEASED RECIPIENT'S ESTATE OR TO THE LEGAL
6 REPRESENTATIVE OF THE DECEASED RECIPIENT.

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

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

11 (B) THE FIRST RETIREMENT ALLOWANCE BENEFICIARY PREDECEASES THE
12 RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE DATE.

13 (C) THE RETIRANT MARRIES ANOTHER SPOUSE AFTER THE RETIREMENT
14 ALLOWANCE EFFECTIVE DATE.

15 (D) EXCEPT AS OTHERWISE PROVIDED IN AN APPLICABLE COLLECTIVE
16 BARGAINING AGREEMENT, THE RETIRANT FILES A WRITTEN REQUEST WITH THE
17 RETIREMENT SYSTEM TO NAME HIS OR HER CURRENT SPOUSE AS A RETIREMENT
18 ALLOWANCE BENEFICIARY NOT EARLIER THAN 180 DAYS AND NOT LATER THAN
19 1 YEAR AFTER THE MARRIAGE OF THE RETIRANT AND THE CURRENT SPOUSE,
20 EXCEPT THAT A RETIRANT WHOSE FIRST RETIREMENT ALLOWANCE BENEFICIARY
21 PREDECEASES THE RETIRANT AFTER THE RETIREMENT ALLOWANCE EFFECTIVE
22 DATE AND BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
23 THIS SUBSECTION HAS 180 DAYS FROM THE EFFECTIVE DATE OF THE
24 AMENDATORY ACT THAT ADDED THIS SUBSECTION TO FILE A WRITTEN REQUEST
25 WITH THE RETIREMENT SYSTEM.

26 (11) A RETIRANT WHO WAS NOT MARRIED ON HIS OR HER RETIREMENT
27 ALLOWANCE EFFECTIVE DATE AND WHO DID NOT SELECT A PAYMENT OPTION

1 PROVIDED IN THIS SECTION MAY SELECT AN OPTIONAL FORM OF BENEFIT
2 PAYMENT UNDER SUBSECTION (4) (B), (C), OR (D) AND DESIGNATE A
3 RETIREMENT ALLOWANCE BENEFICIARY SUBJECT TO ALL OF THE FOLLOWING:

4 (A) THE RETIRANT MARRIES AFTER HIS OR HER RETIREMENT ALLOWANCE
5 EFFECTIVE DATE.

6 (B) THE RETIREMENT ALLOWANCE BENEFICIARY IS THE RETIRANT'S
7 SPOUSE.

8 (C) THE RETIREMENT ALLOWANCE BENEFICIARY IS ONLY DESIGNATED AS
9 THE RETIREMENT ALLOWANCE BENEFICIARY FOR THAT PORTION OF THE
10 RETIRANT'S RETIREMENT ALLOWANCE THAT IS NOT SUBJECT TO AN ELIGIBLE
11 DOMESTIC RELATIONS ORDER ASSIGNING A PREVIOUS SPOUSE A REDUCED
12 BENEFIT UNDER SECTION 4(B) OF THE ELIGIBLE DOMESTIC RELATIONS ORDER
13 ACT, 1991 PA 46, MCL 38.1704.

14 (D) EXCEPT AS OTHERWISE PROVIDED IN AN APPLICABLE COLLECTIVE
15 BARGAINING AGREEMENT, THE RETIRANT FILES A WRITTEN REQUEST WITH THE
16 RETIREMENT SYSTEM TO SELECT THE OPTIONAL FORM OF BENEFIT PAYMENT
17 UNDER SUBSECTION (4) (B), (C), OR (D) AND TO DESIGNATE HIS OR HER
18 SPOUSE AS THE RETIREMENT ALLOWANCE BENEFICIARY, NOT EARLIER THAN
19 180 DAYS AND NOT LATER THAN 1 YEAR AFTER THE RETIRANT'S MARRIAGE
20 EXCEPT THAT A RETIRANT WHO MARRIES AFTER THE RETIREMENT ALLOWANCE
21 EFFECTIVE DATE AND BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT
22 THAT ADDED THIS SUBSECTION HAS 180 DAYS FROM THE EFFECTIVE DATE OF
23 THE AMENDATORY ACT THAT ADDED THIS SUBSECTION TO FILE A WRITTEN
24 REQUEST WITH THE RETIREMENT SYSTEM.

25 (E) A SPOUSE WHO IS ADDED AS A SURVIVOR UNDER THIS SUBSECTION
26 IS NOT ELIGIBLE FOR THE PAYMENT OF INSURANCE PREMIUMS UNDER SECTION
27 42.

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

8 (13) FOR PURPOSES OF DETERMINING ACTUARIAL EQUIVALENT
9 RETIREMENT ALLOWANCES UNDER THIS SECTION, THE ACTUARIALLY ASSUMED
10 INTEREST RATE IS DETERMINED BY THE DIRECTOR OF THE DEPARTMENT AND
11 THE RETIREMENT BOARD IN CONSULTATION WITH THE ACTUARY WITH
12 UTILIZATION OF THE MORTALITY TABLES ADOPTED BY THE DEPARTMENT AND
13 THE RETIREMENT BOARD.

14 (14) IF THE RETIRANT DIES NO LATER THAN 12 MONTHS AFTER THE
15 EFFECTIVE DATE OF HIS OR HER ELECTION UNDER SUBSECTION (8), (10),
16 OR (11), THE RETIREMENT ALLOWANCE FOR THE SURVIVING SPOUSE
17 ESTABLISHED UNDER SUBSECTION (8), (10), OR (11) MUST TERMINATE 12
18 MONTHS AFTER THE DEATH OF THE RETIRANT.

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

25 SEC. 24B. (1) A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER
26 JUNE 10, 2012, WHO IS AT LEAST 55 YEARS OF AGE AND HAS AT LEAST 25
27 YEARS OF CREDITED SERVICE UNDER THIS ACT, OR WHO IS AT LEAST 60

1 YEARS OF AGE AND HAS AT LEAST 10 YEARS OF CREDITED SERVICE UNDER
2 THIS ACT, MAY RETIRE ON HIS OR HER WRITTEN APPLICATION TO THE
3 RETIREMENT BOARD, STATING A DATE, NOT LESS THAN 30 DAYS AND NOT
4 MORE THAN 90 DAYS AFTER THE EXECUTION AND FILING OF THE
5 APPLICATION, HE OR SHE DESIRES TO RETIRE.

6 (2) THE CALCULATION OF A RETIREMENT ALLOWANCE UNDER THIS ACT
7 FOR A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10, 2012
8 INCLUDES ONLY THE FOLLOWING, AS APPLICABLE:

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

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

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

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

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

24 ~~—— (3) When an active or retired member is killed or dies from~~
25 ~~injuries, disease, or illness, contracted by reason of his or her~~
26 ~~occupation as a member of the department of state police, the~~
27 ~~retirement board shall provide a sum not to exceed \$1,500.00 from~~

1 ~~the reserve for casualty experience for funeral expenses.~~

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

8 (4) **FOR A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE**
9 **10, 2012, WHO WHILE IN THE DISCHARGE OF HIS OR HER DUTY IS KILLED**
10 **OR RECEIVES INJURIES OR CONTRACTS A DISEASE OR ILLNESS, BY REASON**
11 **OF HIS OR HER OCCUPATION, THAT RESULTS IN HIS OR HER DEATH, A**
12 **RETIREMENT ALLOWANCE MUST BE PAID IN THE SAME MANNER AS PROVIDED**
13 **FOR A DUTY DISABLED RETIRANT UNDER SECTION 26. THE RETIREMENT**
14 **ALLOWANCE PAYABLE UNDER THIS SECTION TO A DULY DESIGNATED SURVIVOR**
15 **BENEFICIARY OF A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE**
16 **10, 2012 MUST BE OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE**
17 **EMPLOYER-FUNDED PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH OF**
18 **THE EMPLOYER-FUNDED PORTION OF THE MEMBER'S DEFINED CONTRIBUTION**
19 **ACCOUNT BALANCE.**

20 (5) **A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED**
21 **MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,**
22 **2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS**
23 **SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42**
24 **IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO**
25 **FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012.**

26 Sec. 26. (1) ~~A~~**EXCEPT AS PROVIDED IN SECTION 24(4) AND SUBJECT**
27 **TO SUBSECTION (5), A member who retires due to duty incurred**

1 disability after September 30, 1986, is entitled to receive a
2 retirement allowance equal to 60% of the member's final average
3 compensation.

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

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

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

22 (5) **THE RETIREMENT ALLOWANCE PAYABLE UNDER THIS SECTION TO A**
23 **MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10, 2012 MUST BE**
24 **OFFSET BY THE ACTUARIALLY DETERMINED VALUE OF THE EMPLOYER-FUNDED**
25 **PORTION PLUS THE ASSOCIATED INVESTMENT GROWTH OF THE EMPLOYER-**
26 **FUNDED PORTION OF THE MEMBER'S DEFINED CONTRIBUTION ACCOUNT**
27 **BALANCE.**

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

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

1 accumulated contributions and interest made by him or her into the
2 reserve for employee contributions. A retirement allowance ~~shall~~**IS**
3 not ~~be~~ payable under this section if a retirement allowance is
4 payable under any other section of this act.

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

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

14 (4) **A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED**
15 **MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,**
16 **2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS**
17 **SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42**
18 **IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO**
19 **FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012. A MEMBER WHO IS**
20 **ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42 AS**
21 **DESCRIBED IN THIS SUBSECTION IS NOT VESTED IN ANY EMPLOYER**
22 **CONTRIBUTIONS UNDER SECTION 42A(1).**

23 Sec. 28. (1) ~~A~~**EXCEPT AS PROVIDED IN SECTION 24(4) AND SUBJECT**
24 **TO SUBSECTION (3), A** member who retires due to nonduty incurred
25 disability on or after the effective date of this act and after
26 completing 10 years of credited service under this act or former
27 ~~Act No. 251 of the Public Acts of 1935,~~**1935 PA 251**, or both, shall

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

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

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

25 (4) **A MEMBER, FORMER MEMBER, OR BENEFICIARY OF A DECEASED**
26 **MEMBER, WHICH MEMBER FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,**
27 **2012 AND WHO IS ELIGIBLE FOR A RETIREMENT ALLOWANCE UNDER THIS**

1 SECTION, IS ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42
2 IN ALL RESPECTS AND UNDER THE SAME TERMS AS WOULD BE A MEMBER WHO
3 FIRST BECOMES A MEMBER BEFORE JUNE 10, 2012. A MEMBER WHO IS
4 ELIGIBLE FOR HEALTH INSURANCE COVERAGE UNDER SECTION 42 AS
5 DESCRIBED IN THIS SUBSECTION IS NOT VESTED IN ANY EMPLOYER
6 CONTRIBUTIONS UNDER SECTION 42A(1) .

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

1 at regular interest. If the member withdraws all or part of the
2 accumulated contributions from his or her account, the active
3 service ~~shall~~**MUST** not be credited until the member returns to the
4 reserve for employee contributions those amounts withdrawn,
5 together with regular interest computed from the date of withdrawal
6 to the date of repayment.

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

27 (3) Service credit may be purchased under this section instead

1 of, but not in addition to, purchasing service credit under section
2 33.

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

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

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

24 (4) ~~Service~~**A MEMBER MAY PURCHASE** credit ~~may be purchased~~
25 under this section instead of, but not in addition to, purchasing
26 service credit under section 32.

27 (5) **A MEMBER WHO FIRST BECAME A MEMBER ON OR AFTER JUNE 10,**

1 **2012 IS NOT ELIGIBLE TO PURCHASE SERVICE UNDER THIS SECTION.**

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

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

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

26 (4) ~~A-EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A~~ member
27 who reduces hours of employment with the department of state police

1 for purposes of maternity, paternity, or child rearing may purchase
2 service credit for those hours by which employment was reduced if
3 all other requirements of this section are met.

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

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

18 (2) Effective October 1, 1989, dental coverage and vision
19 coverage insurance premiums payable by a retirant or his or her
20 retirement allowance beneficiary and his or her dependents under
21 any group health plan authorized by the Michigan civil service
22 commission and the department ~~shall~~**MUST** be paid in amounts
23 provided by this subsection from appropriations for this purpose
24 made to the retirement system. The amount payable by the retirement
25 system ~~shall~~**MUST** be 90% of the entire monthly premium payable for
26 dental coverage and vision coverage insurance.

27 (3) The health-dental-vision benefits fund is created and

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

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

18 (5) Notwithstanding any other provision of this section, the
19 department may transfer amounts from the health advance funding
20 subaccount to the reserve for employer contributions created by
21 section 16 if the actuarial valuation prepared ~~pursuant to~~ **UNDER**
22 section 14 demonstrates that, as of the beginning of a fiscal year,
23 and after all credits and transfers required by this act for the
24 previous fiscal year have been made, the sum of the actuarial value
25 of assets and the actuarial present value of future normal cost
26 contributions does not exceed the actuarial present value of
27 benefits.

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

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

14 (2) A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER JUNE 10,
15 2012 MAY MAKE A CONTRIBUTION UP TO 2% OF THE MEMBER'S COMPENSATION
16 TO A TIER 2 ACCOUNT. A MEMBER DESCRIBED IN THIS SUBSECTION MAY MAKE
17 ADDITIONAL CONTRIBUTIONS TO HIS OR HER TIER 2 ACCOUNT AS PERMITTED
18 BY THE DEPARTMENT AND THE INTERNAL REVENUE CODE.

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

27 (4) THE CONTRIBUTIONS DESCRIBED IN THIS SECTION MUST BEGIN

1 WITH THE FIRST PAYDAY AFTER THE MEMBER IS EMPLOYED AND END ON HIS
2 OR HER TERMINATION OF EMPLOYMENT.

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

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

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

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

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

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

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

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

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

4 SEC. 61. FOR THE PURPOSES OF THIS SECTION AND SECTIONS 62 TO
5 74, THE WORDS AND PHRASES DEFINED IN SECTIONS 62 TO 64 HAVE THE
6 MEANINGS ASCRIBED TO THEM IN THOSE SECTIONS.

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

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

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

15 (B) ANY AMOUNT CONTRIBUTED OR DEFERRED AT THE ELECTION OF THE
16 PARTICIPANT THAT IS EXCLUDED FROM GROSS INCOME UNDER SECTION 125,
17 132(F) (4), 401(K), 403(B), OR 457 OF THE INTERNAL REVENUE CODE, 26
18 USC 125, 132, 401, 403, AND 457.

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

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

23 SEC. 64. (1) "PLAN DOCUMENT" MEANS THE DOCUMENT THAT CONTAINS
24 THE PROVISIONS AND PROCEDURES OF TIER 2 IN CONFORMITY WITH THIS ACT
25 AND THE INTERNAL REVENUE CODE.

26 (2) "REFUND BENEFICIARY" MEANS AN INDIVIDUAL NOMINATED BY A
27 QUALIFIED PARTICIPANT OR A FORMER QUALIFIED PARTICIPANT UNDER

1 SECTION 72 TO RECEIVE A DISTRIBUTION OF THE PARTICIPANT'S
2 ACCUMULATED BALANCE IN THE MANNER PRESCRIBED IN SECTION 73.

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

9 (2) THE DEPARTMENT SHALL DETERMINE THE PROVISIONS AND
10 PROCEDURES OF TIER 2 AND THE PLAN DOCUMENT IN CONFORMITY WITH THIS
11 ACT AND THE INTERNAL REVENUE CODE.

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

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

26 (2) CHAPTERS 2, 3, AND 5 OF THE ADMINISTRATIVE PROCEDURES ACT
27 OF 1969, 1969 PA 306, MCL 24.224 TO 24.266 AND 24.291 TO 24.292, DO

1 NOT APPLY TO THE ESTABLISHMENT, IMPLEMENTATION, ADMINISTRATION,
2 OPERATION, INVESTMENT, OR DISTRIBUTION OF TIER 2.

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

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

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

24 SEC. 70. (1) THIS SECTION IS SUBJECT TO THE VESTING
25 REQUIREMENTS OF SECTION 42B.

26 (2) UNLESS THE QUALIFIED PARTICIPANT AFFIRMATIVELY ELECTS NOT
27 TO CONTRIBUTE OR ELECTS TO CONTRIBUTE A LESSER AMOUNT, THE

1 QUALIFIED PARTICIPANT SHALL CONTRIBUTE 2% OF HIS OR HER
2 COMPENSATION TO HIS OR HER TIER 2 ACCOUNT. THE QUALIFIED
3 PARTICIPANT'S EMPLOYER SHALL MAKE A CONTRIBUTION TO THE QUALIFIED
4 PARTICIPANT'S TIER 2 ACCOUNT IN AN AMOUNT EQUAL TO 50% OF THE FIRST
5 2% OF COMPENSATION CONTRIBUTION MADE BY THE QUALIFIED PARTICIPANT
6 UNDER THIS SUBSECTION.

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

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

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

25 (2) UPON THE DEATH OF A QUALIFIED PARTICIPANT OR FORMER
26 QUALIFIED PARTICIPANT, THE ACCUMULATED BALANCE OF THAT DECEASED
27 PARTICIPANT IS CONSIDERED TO BELONG TO THE REFUND BENEFICIARY, IF

1 ANY, OF THAT DECEASED PARTICIPANT. IF A VALID NOMINATION OF REFUND
2 BENEFICIARY IS NOT ON FILE WITH THE DEPARTMENT, THE DEPARTMENT, IN
3 A LUMP SUM DISTRIBUTION, SHALL DISTRIBUTE THE ACCUMULATED BALANCE
4 IN ACCORDANCE WITH THE PLAN DOCUMENT.

5 (3) A FORMER QUALIFIED PARTICIPANT OR REFUND BENEFICIARY MAY
6 ELECT 1 OR A COMBINATION OF SEVERAL OF THE FOLLOWING METHODS OF
7 DISTRIBUTION OF THE ACCUMULATED BALANCE:

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

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

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

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

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

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