

HOUSE BILL No. 4611

March 21, 1991, Introduced by Reps. Hoffman and Barns and referred to the Committee on Senior Citizens and Retirement.

A bill to amend sections 17f, 18, 19, 20, and 31 of Act No. 240 of the Public Acts of 1943, entitled as amended "State employees' retirement act," sections 17f and 20 as amended by Act No. 241 of the Public Acts of 1987, sections 18 and 31 as amended by Act No. 177 of the Public Acts of 1990, and section 19 as amended by Act No. 297 of the Public Acts of 1989, being sections 38.17f, 38.18, 38.19, 38.20, and 38.31 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 17f, 18, 19, 20, and 31 of Act No. 240
2 of the Public Acts of 1943, sections 17f and 20 as amended by Act
3 No. 241 of the Public Acts of 1987, sections 18 and 31 as amended
4 by Act No. 177 of the Public Acts of 1990, and section 19 as
5 amended by Act No. 297 of the Public Acts of 1989, being sections

1 38.17f, 38.18, 38.19, 38.20, and 38.31 of the Michigan Compiled
2 Laws, are amended to read as follows:

3 Sec. 17f. (1) A member may elect to purchase service credit
4 for not more than 5 years of full-time service as a volunteer in
5 the VISTA program provided for under sections 101 to ~~108~~ 109 of
6 PART A OF title I of THE DOMESTIC VOLUNTEER SERVICE ACT OF 1973,
7 Public Law 93-113, 42 U.S.C. 4951 to ~~4958~~ 4959, or as a volun-
8 teer, volunteer leader, or employee in the peace corps under sec-
9 tions 5 to 7 of title I of THE PEACE CORPS ACT, Public
10 Law 87-293, 22 U.S.C. 2504 to 2506, upon request and presentation
11 of documentation of the employment rendered ~~which~~ THAT is veri-
12 fiable from official reporting unit records or other acceptable
13 documentation as determined by the retirement board, and upon
14 payment to the retirement system of an amount ~~which~~ THAT is
15 equal to the actuarial cost, multiplied by the member's highest
16 fiscal year compensation for each year and fraction of a year of
17 VISTA or peace corps service to be purchased, up to the maximum.
18 For the purpose of computing payment under this subsection, the
19 compensation amount used shall not be less than the highest
20 fiscal year compensation previously received by the member as a
21 member of the system.

22 (2) Service shall not be credited under this section until
23 the member has accumulated 10 years of credited service OR 5
24 YEARS OF COVERED SERVICE AS DEFINED IN SECTION 45.

25 (3) Service credit purchased under this section shall not be
26 creditable toward retirement under this act if the member is or

1 will be receiving a pension or annuity for the same service from
2 another retirement system.

3 Sec. 18. (1) A member of the retirement system who, while
4 an employee of the state, was or who shall be drafted or enlisted
5 into active military or other armed service of the United States
6 government during time of war, or a member who is drafted or
7 enlisted into active armed service during time of peace, and who
8 returns for reemployment as a state employee within 6 months
9 after the member's discharge from active service, or if hospital-
10 ized at date of discharge, returns for reemployment as a state
11 employee within 6 months after release from the military facili-
12 ty, shall have all that active service credited as a member of
13 the retirement system, in the same manner as if the member had
14 served the state uninterruptedly, but not more than 5 years of
15 that service may be credited to a member. During the period of
16 active service, and until return to state employment, the
17 member's contributions to the employee's savings fund shall be
18 suspended and the balance in the employees' savings fund standing
19 to the member's credit as of the last payroll date preceding the
20 leave of absence from the service of the member's department
21 shall be accumulated at regular interest. If the member with-
22 draws all or part of the accumulated contributions from the
23 employees' savings fund, the active service shall not be credited
24 until the member returns to the fund all amounts the member with-
25 drew, together with regular interest computed from the date of
26 withdrawal to the date of repayment.

1 (2) On or after January 1, 1978 a member of ~~this~~ THE
2 retirement system who does not meet the requirements of
3 subsection (1) and who was drafted, enlisted, inducted, or com-
4 missioned into active duty with the military or other armed serv-
5 ice of the United States government may elect to receive service
6 credit for not more than 5 years of active duty upon request and
7 payment to the retirement system of an amount equal to 5% of the
8 member's full-time compensation for the fiscal year in which pay-
9 ment is made multiplied by the years of service that the member
10 elects to purchase up to the maximum. Service shall not be cred-
11 ited if it is or would be credited under any other federal,
12 state, or local publicly supported retirement system, but this
13 restriction ~~shall~~ DOES not apply to those persons who have or
14 will have acquired retirement eligibility under the federal gov-
15 ernment for service in the reserve. Armed service shall not be
16 credited under this subsection until the member has accumulated
17 the number of years of credited service needed to vest in the
18 retirement system OR 5 YEARS OF COVERED SERVICE AS DEFINED IN
19 SECTION 45. Armed service under this subsection shall not be
20 creditable to a member on deferred retirement status under sec-
21 tion 20(4) before ~~the effective date of this subsection~~ MAY 18,
22 1978. For purposes of computing payment under this subsection,
23 the compensation amount used shall not be less than the highest
24 fiscal year compensation previously received by the member.

25 (3) A person who was in the employ of the Michigan employ-
26 ment service on January 1, 1942, the date on which the employment
27 service and its personnel were taken over by the United States

1 employment service, ~~and~~ who continued in the employ of the
2 United States employment service or who was temporarily taken out
3 of the United States employment service for service in the war
4 manpower commission or other government agency engaged in the
5 prosecution of the war and later returned to the United States
6 employment service, ~~and~~ whose service to the state, United
7 States government, and state again was continuous, ~~and~~ who was
8 in the employ either of the United States employment service or
9 of this state on November 16, 1946, the date on which the employ-
10 ment service was returned to the state, and who reentered state
11 service on or before that date, shall upon his OR HER reentry
12 into the state service become an original member of the retire-
13 ment system, and shall receive full service credit for the period
14 during which the personnel of the Michigan employment service was
15 taken over by the United States employment service.

16 (4) A person who entered into the employ of the Michigan
17 employment service while the employment service was under the
18 United States employment service and who retires after April 30,
19 1978, may receive service credit for the service under the United
20 States employment service by contributing to the retirement
21 system contributions the person would have made from July 1,
22 1943, to November 16, 1946, as if that service were rendered as a
23 state employee, plus the interest with which the contributions
24 would have been credited from the January following the year of
25 employment to the date of repayment. The salary on which contri-
26 butions are based shall be the salary received as a state
27 employee on November 16, 1946.

1 (5) A member who has prior service ~~as defined in section~~
2 ~~+(j) of this chapter~~ is entitled to credit for that prior
3 service ~~if at the time of retirement the member has 15 or more~~
4 ~~years of total service, of which the last 5 are continuous years~~
5 ~~of service and if the member contributions equal the contribu-~~
6 ~~tions made or that would have been made for not less than 15~~
7 ~~years of membership service. In the computation of unpaid member~~
8 ~~contributions, the contribution rate will~~ SHALL be computed on
9 the member's salary level at THE DATE OF retirement or ~~date of~~
10 payment, whichever first occurs.

11 Sec. 19. (1) A member who is 60 years of age or older and
12 has 10 or more years of credited service OR 5 OR MORE YEARS OF
13 COVERED SERVICE AS DEFINED IN SECTION 45 may retire upon written
14 application to the retirement board, stating a date, not less
15 than 30 or more than 90 days after the execution and filing of
16 the application, on which he or she desires to retire. Beginning
17 on the retirement allowance effective date, he or she shall
18 receive a retirement allowance computed according to section
19 20(1).

20 (2) A member who is 55 years of age or older, but less than
21 60 years of age, and has 15 or more years of credited service,
22 may retire upon written application to the retirement board stat-
23 ing a date, not less than 30 or more than 90 days after the exe-
24 cution and filing of the application, on which he or she desires
25 to retire. Upon retirement, he or she shall receive a retirement
26 allowance computed according to section 20(1). The retirement
27 allowance of a member who has less than 30 ~~years~~ YEARS OF

1 credited service shall be reduced by an amount ~~which~~ THAT is
2 0.5% of the retirement allowance multiplied by the number of
3 months the person's age at retirement is under 60 years. The
4 reduction of 1/2 of 1% for each month and fraction of a month
5 from the member's retirement allowance effective date to the date
6 of the member's sixtieth birthday provided for in this subsection
7 ~~shall~~ DOES not apply to a member who retired before July 1,
8 1974 and before attainment of ~~age~~ 60 YEARS OF AGE, with 30 or
9 more years of credited service. The retirement allowance of a
10 retirant or beneficiary of a retirant who retired before that
11 date shall be recalculated disregarding the reduction, and the
12 person receiving the retirement allowance ~~shall be~~ IS eligible
13 to receive an adjusted retirement allowance based on the recalcu-
14 lation beginning October 1, 1987, but ~~shall~~ IS not ~~be~~ eligi-
15 ble to receive the adjusted amount attributable to any month
16 beginning before October 1, 1987. The recalculated retirement
17 allowance provided by this subsection shall be paid by January 1,
18 1988. The retirement allowance of a retirant who dies before
19 January 1, 1988, and who has not nominated a retirement allowance
20 beneficiary pursuant to section 31 ~~—~~ shall not be recalculated
21 pursuant to this subsection.

22 (3) Notwithstanding any other provision of this section,
23 effective April 1, 1988, a member may retire with a retirement
24 allowance computed according to section 20(1), without regard to
25 the reduction in subsection (2), if all of the following apply:

26 (a) The member files a written application with the
27 retirement board stating a date, not less than 30 or more than 90

1 days after the execution and filing of the application, on which
2 the member desires to retire, and which is within the early
3 retirement effective period.

4 (b) The member was employed by the state for the 6-month
5 period immediately preceding the member's retirement allowance
6 effective date. This subdivision ~~shall~~ DOES not apply to a
7 member who ~~had been~~ WAS restored to active service during that
8 6-month period pursuant to section 33.

9 (c) On the last day of the month immediately preceding the
10 retirement allowance effective date stated in the application,
11 the member's combined age and length of credited service is equal
12 to or greater than 80 years, and the member is 50 years of age or
13 older.

14 (d) For purposes of this subsection, "early retirement
15 effective period" means 1 of the following:

16 (i) Except as provided in subparagraph (ii), the period
17 beginning on April 1, 1988 and ending on April 1, 1989.

18 (ii) For a member employed by a department of mental health
19 hospital or facility that is in the process of being closed by
20 the department of mental health, the period beginning on April 1,
21 1988 and ending on October 1, 1989.

22 (4) As used in subsections (5) to (9):

23 (a) "Agency of the department" means 1 of the following:

24 (i) Southwest Michigan community living services.

25 (ii) Wayne community living services.

26 (b) "Department inpatient facility" means 1 of the
27 following:

1 (i) A developmental disability center that is directly
2 operated by the department of mental health for purposes of pro-
3 viding inpatient care and treatment services to persons with
4 developmental disabilities.

5 (ii) A psychiatric hospital that is directly operated by the
6 department of mental health for purposes of providing inpatient
7 diagnostic and therapeutic services to persons who are mentally
8 ill.

9 (5) Notwithstanding any other provision of this section, a
10 member who is an employee of an agency of the department or a
11 department inpatient facility and is on layoff status because the
12 agency or inpatient facility has been designated by the director
13 of mental health for closure on or after October 1, 1989, may
14 retire as provided in subsection (7) or (8), as applicable, with
15 a retirement allowance computed according to section 20(1), with-
16 out regard to the reduction in subsection (2), upon satisfaction
17 of any 1 of the following conditions:

18 (a) The member is 51 years of age or older and has 25 or
19 more years of credited service, the last 5 of which are as an
20 employee of an agency of the department designated for closure or
21 a department inpatient facility designated for closure.

22 (b) The member is at least 56 years of age and has 10 or
23 more years of credited service, the last 5 of which are as an
24 employee of an agency of the department designated for closure or
25 a department inpatient facility designated for closure.

26 (c) The member has 25 or more years of credited service,
27 regardless of age, as an employee of an agency of the department

1 designated for closure or a department inpatient facility
2 designated for closure.

3 (6) When a department inpatient facility or agency is desig-
4 nated for closure on or after October 1, 1989, the director of
5 mental health shall certify in writing to the state legislature
6 and the retirement board, not less than 240 days before the des-
7 ignated official date of closure, which facility or agency is to
8 be closed and the designated official date of closure.

9 (7) Except as provided in subsection (8), a member who is
10 eligible to receive a retirement allowance under subsection (5)
11 may retire effective on the date that an agency of the department
12 or a department inpatient facility designated for closure as pro-
13 vided in subsection (5) actually closes, upon written application
14 to the retirement board not less than 30 or more than 180 days
15 before the designated official date of closure. Beginning on the
16 retirement allowance effective date, he or she shall receive a
17 retirement allowance computed according to section 20(1).

18 (8) A member who is on layoff status, is not working for the
19 state, and becomes eligible to receive a retirement allowance
20 under subsection (5) and who was an employee of an agency of the
21 department or a department inpatient facility that has been des-
22 ignated for closure as provided in subsection (5) and that actu-
23 ally closes on or after October 1, 1989, may retire upon written
24 application to the retirement board, stating a date, not less
25 than 30 or more than 180 days after the facility actually closes,
26 upon which he or she wishes to retire. Beginning on the

1 retirement allowance effective date, he or she shall receive a
2 retirement allowance computed according to section 20(1).

3 (9) Any additional accrued actuarial cost and costs for
4 health insurance resulting from the implementation of subsection
5 (5) shall be funded from appropriations to the department of
6 mental health for this purpose.

7 Sec. 20. (1) Upon his or her retirement, as provided for in
8 section 19 OR 19A, a member shall receive a retirement allowance
9 equal to the member's number of years and fraction of a year of
10 credited service multiplied by 1-1/2% of his or her final average
11 compensation. The member's retirement allowance ~~shall be~~ IS
12 subject to subsection (3). Upon his or her retirement, ~~he or~~
13 ~~she shall have the right to~~ THE MEMBER MAY elect an option pro-
14 vided for in section 31(1).

15 (2) Pursuant to rules promulgated by the board, a member who
16 retires ~~prior to becoming~~ BEFORE ATTAINING 65 years of age may
17 elect to have his or her regular retirement allowance equated on
18 an actuarial basis to provide an increased retirement allowance
19 payable to his or her attainment of age 65 and a reduced retire-
20 ment allowance payable ~~thereafter~~ AFTER AGE 65. His or her
21 increased retirement allowance payable to age 65 shall approxi-
22 mately equal the sum of his or her reduced retirement allowance
23 payable after age 65 and his or her estimated social security
24 primary insurance amount. In addition, upon retirement ~~he or~~
25 ~~she~~ THE MEMBER may elect an option provided for in
26 section 31(1).

1 (3) If a retirant dies before receiving payment of his or
2 her retirement allowance in an aggregate amount equal to the
3 retirant's accumulated contributions credited to the retirant in
4 the employees' savings fund at the time of his or her retirement,
5 the difference between his or her accumulated contributions and
6 the amount of retirement allowance received by him or her shall
7 be paid to the person or persons as he or she nominated by writ-
8 ten designation duly executed and filed with the board. If the
9 person or persons do not survive the retirant, then the differ-
10 ence, if any, shall be paid to ~~his or her~~ THE RETIRANT'S legal
11 representative OR ESTATE. Benefits shall not be paid under this
12 subsection on account of the death of the retirant if he or she
13 elected AN option ~~A or B~~ provided for in section 31(1).

14 (4) If a member has 10 or more years of credited service,
15 ~~or~~ has 5 or more ~~years~~ YEARS OF credited service as an
16 elected officer or in a position in the executive branch or the
17 legislative branch excepted or exempt from the classified state
18 civil service as provided in section 5 of article XI of the state
19 constitution of 1963 OR HAS 5 OR MORE YEARS OF COVERED SERVICE AS
20 DEFINED IN SECTION 45, and is separated from the service of the
21 state for a reason other than retirement or death, he or she
22 shall remain a member during the period of absence from the state
23 service for the exclusive purpose of receiving a retirement
24 allowance provided for in this section. If the member withdraws
25 all or part of his or her accumulated contributions, he or she
26 shall cease to be a member. Upon becoming 60 years of age or
27 older, the member may retire upon his or her written application

1 to the retirement board as provided in section 19(1). If a
2 member ~~has selected~~ ELECTS an option as provided under section
3 31(4), but ~~died prior to~~ DIES BEFORE the effective date of his
4 or her retirement, the option selected by the member shall be
5 carried out and the beneficiary of the member ~~shall be~~ IS enti-
6 tled to all advantages due under that option.

7 (5) A person who is a member after January 1, 1981, who has
8 at least 5 years of credited service, and whose employment with
9 the department of mental health is terminated by reason of reduc-
10 tion in force related to deinstitutionalization ~~which~~ THAT may
11 or may not result in facility closure, shall remain a member
12 during the period of absence from the state service for the
13 exclusive purpose of receiving a service retirement allowance as
14 provided in this subsection. ~~For purposes of~~ AS USED IN this
15 subsection, "deinstitutionalization" means planned reduction of
16 state center or hospital beds through placement of individuals
17 from the hospital or facility, or through limiting admissions to
18 centers and hospitals, or both. If a member withdraws all or
19 part of the member's accumulated contributions, the member shall
20 cease to be a member. Upon becoming 60 years of age or older,
21 the member may retire upon written application to the retirement
22 board. The application shall specify a date, not less than 30
23 days ~~nor~~ OR more than 90 days after the execution and filing of
24 the application, on which the member desires to retire. Upon
25 retirement, the member shall receive a retirement allowance equal
26 to the number of years and fraction of a year of credited state
27 service multiplied by 1-1/2% of the member's final average

1 compensation. Upon retirement, the member may elect an option
2 provided in section 31(1). If the member ~~selected~~ ELECTS an
3 option provided for in section 31(4), but ~~died~~ DIES before the
4 effective date of retirement, the option selected by the member
5 shall be carried out and a beneficiary of the member ~~shall be~~
6 IS entitled to all advantages due under the option.

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

24 (7) Each retirement allowance payable under this act shall
25 date from the first of the month following the month in which the
26 applicant satisfies the age and service or other requirements for
27 receiving the retirement allowance and terminates state service.

1 A full month's retirement allowance shall be payable for the
2 month in which a retirement allowance ceases.

3 Sec. 31. (1) Except as provided in subsection (6), before
4 the effective date of retirement, but not after the effective
5 date of retirement, a member or deferred member who is eligible
6 for retirement, as provided in section 19, 19a, 21, 24, 46, or
7 48, shall elect to receive his or her benefit in a retirement
8 allowance payable throughout life, which shall be called a regu-
9 lar retirement allowance, or to receive the actuarial equivalent
10 at that time of his or her regular retirement allowance in a
11 reduced retirement allowance payable throughout the lives of the
12 retirant and a retirement allowance beneficiary, ~~in accordance~~
13 ~~with the provisions of option A or B, as follows~~ PURSUANT TO 1
14 OF THE FOLLOWING OPTIONS:

15 (a) Option A. Upon the retirant's death, his or her reduced
16 retirement allowance shall be continued throughout the life of
17 and paid to the retirement allowance beneficiary whom the member
18 nominated by written designation duly executed and filed with the
19 retirement board before the effective date of his or her
20 retirement.

21 (b) Option B. Upon the retirant's death, 1/2 of his or her
22 reduced retirement allowance shall be continued throughout the
23 life of and paid to the retirement allowance beneficiary whom the
24 member nominated by written designation duly executed and filed
25 with the retirement board before the effective date of his or her
26 retirement.

1 (2) Except as provided in subsection (3), the election of an
2 option shall not be changed on or after the effective date of the
3 retirement allowance. A retirement allowance beneficiary desig-
4 nated under this section shall not be changed on or after the
5 effective date of the retirement allowance, and shall be either a
6 spouse, brother, sister, parent, child, including an adopted
7 child, or grandchild of the person making the designation.
8 Payment to a retirement allowance beneficiary shall begin on the
9 first day of the month following the death of the retirant or
10 member.

11 (3) If the retirement allowance beneficiary named under
12 option A or B under subsection (1) predeceases the retirant, the
13 retirant's benefit shall revert to the regular retirement allow-
14 ance, effective with the first day of the month following the
15 retirement allowance beneficiary's death. For a retirant whose
16 effective date of retirement was on or before June 28, 1976, this
17 subsection shall apply, but the regular retirement allowance is
18 not payable for any month beginning before the later of the
19 retirement allowance beneficiary's death or January 1, 1986. A
20 retirant who on January 1, 1986 is receiving a reduced retirement
21 allowance because the retirant designated a retirement allowance
22 beneficiary and the retirement allowance beneficiary predeceased
23 the retirant is eligible to receive the regular retirement allow-
24 ance beginning January 1, 1986, but the regular retirement allow-
25 ance is not payable for any month beginning before January 1,
26 1986.

1 (4) A member who continues in the employ of the state on and
2 after the date he or she ~~either~~ acquires 10 years of service
3 credit, or becomes eligible for deferred retirement as provided
4 by section 20(4) or (5), whichever occurs first, may by written
5 declaration duly executed and filed with the retirement board
6 elect option A, provided for in subsection (1), and nominate a
7 retirement allowance beneficiary in the same manner as if the
8 member were then retiring from service, notwithstanding that the
9 member may not have attained 60 years of age. In the case of the
10 beneficiary's death or divorce from the member ~~prior to~~ BEFORE
11 the effective date of the member's retirement, the member's elec-
12 tion of option A and nomination of retirement allowance benefi-
13 ciary shall be automatically revoked and the member may again
14 elect option A and nominate a retirement allowance beneficiary at
15 any time ~~prior to~~ BEFORE the effective date of retirement. If
16 a member who has made an election and nominated a retirement
17 allowance beneficiary as provided in this subsection dies ~~prior~~
18 ~~to~~ BEFORE the effective date of his or her retirement, then the
19 retirement allowance beneficiary shall immediately receive the
20 retirement allowance that he or she would have been entitled to
21 receive under option A if the member had been regularly retired
22 on the date of the member's death. Except as otherwise provided
23 by subsection (5), if a member who has made an election under
24 this subsection subsequently retires under this act, his or her
25 election of option A shall take effect at the time of
26 retirement. Subject to the requirements of subsection (5), the
27 member may, before the effective date of retirement, but not

1 after the effective date of retirement, revoke his or her
2 previous election of option A and elect to receive his or her
3 retirement allowance as a regular retirement allowance or under
4 option B as provided for in subsection (1). A retirement allow-
5 ance shall not be paid under this subsection on account of the
6 death of a member if any benefits are paid under section 27 on
7 account of his or her death. If a deferred member who has an
8 option A election in effect dies ~~prior to~~ BEFORE the effective
9 date of his or her retirement, the retirement allowance payable
10 under option A shall be paid to the retirement allowance benefi-
11 ciary at the time the deceased deferred member otherwise would
12 have been eligible to begin receiving benefits.

13 (5) If a member, deferred member, retiring member, or retir-
14 ing deferred member is married at the effective date of the
15 retirement allowance, an election under this section, other than
16 an election of option A or option B naming the spouse as retire-
17 ment allowance beneficiary, shall not be effective unless the
18 election is signed by the spouse, except that this requirement
19 may be waived by the retirement board if the signature of a
20 spouse cannot be obtained because of extenuating circumstances.
21 As used in this subsection, "spouse" means the person to whom the
22 member, deferred member, retiring member, or retiring deferred
23 member is married at the effective date of the retirement
24 allowance.

25 (6) Until July 1, 1991, upon request in a form as determined
26 by the retirement board, a nonduty disability retirant who
27 retired under section 24 may change his or her election to

1 receive a disability retirement allowance computed as a regular
2 retirement allowance and elect to receive the actuarial equiva-
3 lent at the time of the election pursuant to this subsection of
4 his or her disability retirement allowance in a reduced retire-
5 ment allowance payable to the retirant and the retirant's spouse
6 ~~in accordance with~~ PURSUANT TO the provisions of option A or B
7 as provided in subsection (1), if the disability retirement
8 allowance effective date was before November 12, 1985 and the
9 retirant had 25 or more years of credited service on the disabil-
10 ity retirement allowance effective date. The nonduty disability
11 retirant shall begin to receive the reduced retirement allowance
12 under this subsection effective the first day of the month fol-
13 lowing the month in which the retirant makes the election pursu-
14 ant to this subsection. As used in this subsection, "spouse"
15 means the person to whom the nonduty disability retirant was mar-
16 ried on the effective date of his or her disability retirement
17 allowance and on the date the retirant makes the election pursu-
18 ant to this subsection.

19 (7) If a member who continues in the employ of the state on
20 and after the date he or she acquires 10 years of service credit
21 OR 5 YEARS OF COVERED SERVICE AS DEFINED IN SECTION 45, and who
22 does not have an election of option A in force as provided in
23 subsection (4), dies ~~prior to~~ BEFORE the effective date of
24 retirement and leaves a surviving spouse, the spouse shall
25 receive a retirement allowance computed in the same manner as if
26 the member had retired effective the day before the date of his
27 or her death, elected option A, and nominated the spouse as

1 retirement allowance beneficiary. When the retirement allowance
2 beneficiary dies, his or her retirement allowance shall
3 terminate. If the aggregate amount of retirement allowance pay-
4 ments received by the beneficiary is less than the accumulated
5 contributions credited to the member's account in the employees'
6 savings fund at the time of the member's death, the difference
7 between the accumulated contributions and the aggregate amount of
8 retirement allowance payments received by the beneficiary shall
9 be transferred from the employer's accumulation fund or pension
10 reserve fund to the employees' savings fund and paid ~~in accord-~~
11 ~~ance with~~ PURSUANT TO section 29. A retirement allowance shall
12 not be paid under this subsection on account of the death of a
13 member if benefits are paid under section 27 on account of his or
14 her death.