



SENATE BILL No. 1326

November 30, 1994, Introduced by Senator GEAKE and referred to the Committee on Government Operations.

A bill to amend sections 9, 21, 22, 22a, 23, 23c, 23d, 25, 26, 30, 50a, 50b, 51, and 54 of Act No. 261 of the Public Acts of 1957, entitled as amended

"Michigan legislative retirement system act,"

sections 9 and 23 as amended by Act No. 512 of the Public Acts of 1988, sections 21, 22a, 23c, 50a, and 50b as amended by Act No. 58 of the Public Acts of 1987, and sections 22, 25, and 26 as amended and section 23d as added by Act No. 123 of the Public Acts of 1981, being sections 38.1009, 38.1021, 38.1022, 38.1022a, 38.1023, 38.1023c, 38.1023d, 38.1025, 38.1026, 38.1030, 38.1050a, 38.1050b, 38.1051, and 38.1054 of the Michigan Compiled Laws; and to add section 22c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 9, 21, 22, 22a, 23, 23c, 23d, 25, 26,
2 30, 50a, 50b, 51, and 54 of Act No. 261 of the Public Acts of

1 1957, sections 9 and 23 as amended by Act No. 512 of the Public
2 Acts of 1988, sections 21, 22a, 23c, 50a, and 50b as amended by
3 Act No. 58 of the Public Acts of 1987, and sections 22, 25, and
4 26 as amended and section 23d as added by Act No. 123 of the
5 Public Acts of 1981, being sections 38.1009, 38.1021, 38.1022,
6 38.1022a, 38.1023, 38.1023c, 38.1023d, 38.1025, 38.1026, 38.1030,
7 38.1050a, 38.1050b, 38.1051, and 38.1054 of the Michigan Compiled
8 Laws, are amended and section 22c is added to read as follows:

9 Sec. 9. (1) "Salary" means the compensation, common to all
10 legislators, exclusive of travel allowance, paid by the state for
11 1 year of service as a legislator. A member shall contribute to
12 the retirement system based on the percentage applied to that
13 salary.

14 (2) For purposes of section 23, ~~"salary"~~ SALARY also
15 includes an additional 2% through December 30, 1986, and 4%
16 beginning December 31, 1986, compounded annually and added for
17 each year or major portion of a year that expires after the
18 member terminates ~~services~~ SERVICE and before the member
19 retires, of the member's greatest salary determined pursuant to
20 subsection (1) received in 1 calendar year. This subsection only
21 applies to a member WHO FIRST BECOMES A MEMBER ON OR BEFORE
22 DECEMBER 1, 1994, AND whose service ~~terminated~~ TERMINATES ON OR
23 after December 1, 1978.

24 (3) For purposes of section 23, for a member who left serv-
25 ice before December 1, 1978, salary also includes an additional
26 2% for each year beginning January 1, 1979 through December 30,
27 1986 and 4% beginning December 31, 1986, compounded annually and

1 added for each year or major portion of a year that expires after
 2 the member terminates service and before the member retires, of
 3 the member's greatest salary determined pursuant to
 4 subsection (1) received in 1 calendar year.

5 (4) For purposes of section 23, ~~"salary"~~ SALARY also
 6 includes an amount equal to the greatest amount of additional
 7 compensation received in 1 calendar year as a result of being in
 8 a leadership position, ~~as defined in section 17b,~~ divided by 5,
 9 and then multiplied by the number of years or major portion of a
 10 year, not to exceed 8, in which the member was in a leadership
 11 position and received additional compensation. Before a member
 12 WHO FIRST BECOMES A MEMBER ON OR BEFORE DECEMBER 1, 1994, may
 13 have the additional compensation included in salary ~~pursuant to~~
 14 UNDER this subsection, the member shall pay to the retirement
 15 system a sum equal to 9% of the total additional compensation
 16 received. BEFORE A MEMBER WHO FIRST BECOMES A MEMBER AFTER
 17 DECEMBER 1, 1994, MAY HAVE THE ADDITIONAL COMPENSATION INCLUDED
 18 IN SALARY UNDER THIS SUBSECTION, THE MEMBER SHALL PAY TO THE
 19 RETIREMENT SYSTEM A SUM EQUAL TO 7% OF THE TOTAL ADDITIONAL COM-
 20 PENSATION RECEIVED.

21 Sec. 21. (1) The members' savings fund is created IN THE
 22 RETIREMENT SYSTEM. The RETIREMENT SYSTEM SHALL ACCUMULATE IN THE
 23 members' savings fund ~~shall accumulate~~ the contributions made
 24 by members toward the financing of their retirement allowances,
 25 ~~and~~ shall make transfers of those contributions FROM THE
 26 MEMBERS' SAVINGS FUND to the members' retirement fund, and shall
 27 make refunds of contributions FROM THE MEMBERS' SAVINGS FUND as

1 provided in this act. A member WHO FIRST BECOMES A MEMBER ON OR
2 BEFORE DECEMBER 1, 1994, shall make contributions to the members'
3 savings fund of ~~5% through December 31, 1986, and 7% beginning~~
4 ~~January 1, 1987,~~ of each payment of salary received by the
5 member for service as a member, ~~rendered after January 1, 1979,~~
6 but not FOR A PERIOD exceeding 20 years. A MEMBER WHO FIRST
7 BECOMES A MEMBER AFTER DECEMBER 1, 1994, SHALL MAKE CONTRIBUTIONS
8 TO THE MEMBERS' SAVINGS FUND OF 5% OF EACH PAYMENT OF SALARY
9 RECEIVED BY THE MEMBER FOR SERVICES AS A MEMBER.

10 (2) The MEMBER contributions REQUIRED BY THIS SECTION shall
11 be made by payroll deductions. ~~and each~~ EACH member is consid-
12 ered to consent and agree to the PAYROLL deductions as a condi-
13 tion of membership in the retirement system.

14 (3) Upon the retirement of a member, his or her accumulated
15 contributions shall be transferred to the members' retirement
16 fund. Upon the death of a member, if a survivor's retirement
17 allowance becomes payable on account of the member's death, his
18 or her accumulated contributions shall be transferred to the
19 survivors' retirement fund.

20 Sec. 22. (1) The survivors' retirement fund is created IN
21 THE RETIREMENT SYSTEM. The RETIREMENT SYSTEM SHALL ACCUMULATE IN
22 THE survivors' retirement fund ~~shall accumulate~~ reserves for
23 the payment of retirement allowances to survivors. ~~as defined~~
24 ~~in section 13a, and~~ THE RETIREMENT SYSTEM shall pay the SURVIVOR
25 retirement allowances FROM THE SURVIVORS' RETIREMENT FUND. Each
26 member shall make contributions to the survivors' retirement fund
27 of ~~1%~~ 0.5% of each payment of salary received THAT IS

1 ATTRIBUTABLE TO SERVICE PERFORMED ON AND after ~~September 26,~~
2 ~~1957, but not exceeding~~ JANUARY 1, 1995. A MEMBER SHALL NOT
3 MAKE CONTRIBUTIONS TO THE SURVIVORS' RETIREMENT FUND FOR MORE
4 THAN 20 years. The contributions shall be made by payroll deduc-
5 tions and each member is considered to consent and agree to the
6 deductions as a condition of membership in the retirement
7 system.

8 (2) ~~Upon the basis of~~ THE BOARD SHALL ADOPT mortality and
9 other experience tables ~~—~~ and the prescribed rate of interest.
10 ~~—, as the board shall adopt~~ UPON THE BASIS OF THOSE TABLES AND
11 THE INTEREST RATE, the actuary shall compute annually the retire-
12 ment reserves for retirement allowances being paid survivors, and
13 to be paid survivors upon the deaths of members, deferred vested
14 members, and retirants, as provided in this act. It is the
15 intention of this act that the retirement reserves shall be
16 financed by appropriations made by ~~the~~ THIS state, determined
17 pursuant to subsections (3), (4), and (5).

18 (3) The state's appropriation for survivors' retirement
19 allowances to be paid upon the death of members, deferred vested
20 members, and retirants shall be an amount ~~which~~ THAT will pro-
21 vide the net reserves, after allowing for members' contributions
22 to the survivors' retirement fund and transfers to be made to the
23 fund from the members' savings fund, or other available funds for
24 retirement allowances to be paid to survivors of members,
25 deferred vested members, and retirants who will probably die
26 during the next ensuing fiscal year.

1 (4) The state's appropriation for survivors' retirement
 2 allowances to be paid upon the death of retirants shall be an
 3 amount determined pursuant to the financing methods provided for
 4 in section 20(2) and (3).

5 (5) The state's appropriation for survivors' retirement
 6 allowances being paid from the survivors' retirement fund shall
 7 be an amount ~~which~~ THAT if paid annually over a period of years
 8 to be determined by the board, but not to exceed 50 years, will
 9 amortize at the prescribed rate of interest the unfunded reserves
 10 for the retirement allowances.

11 Sec. 22a. (1) An income fund is created IN THE RETIREMENT
 12 SYSTEM. ~~for the purpose of crediting regular interest on~~
 13 ~~amounts in the members' retirement fund, members' savings fund,~~
 14 ~~survivors' retirement fund, and grants and insurance revolving~~
 15 ~~fund.~~ THE RETIREMENT SYSTEM SHALL CREDIT TO THE INCOME FUND ALL
 16 INTEREST, DIVIDENDS, AND OTHER INCOME FROM THE INVESTMENT OF
 17 RETIREMENT SYSTEM ASSETS AND ALL OTHER MONEY FOR WHICH THERE IS
 18 NO SPECIFIC DISPOSITION PROVIDED IN THIS ACT.

19 (2) The retirement board annually shall ~~allow~~ CREDIT regu-
 20 lar interest ~~for~~ ON the preceding year ~~to~~ BALANCES IN the
 21 members' retirement fund, members' savings fund, survivors'
 22 retirement fund, and grants and insurance revolving fund. ~~and~~
 23 ~~the amount allowed shall be due and payable to these funds and~~
 24 ~~shall be credited annually to these funds by the~~ THE retirement
 25 board ~~and paid from~~ SHALL CHARGE TO the income fund THE INTER-
 26 EST CREDITED TO THE FUNDS UNDER THIS SUBSECTION. ~~All income~~

~~1 interest and dividends derived from the deposits and investments
2 authorized by this act shall be paid into the income fund.~~

3 (3) THE RETIREMENT SYSTEM SHALL PAY THE EXPENSES FOR THE
4 ADMINISTRATION OF THE RETIREMENT SYSTEM, EXCLUSIVE OF AMOUNTS
5 PAYABLE AS RETIREMENT ALLOWANCES AND OTHER BENEFITS PROVIDED IN
6 THIS ACT, FROM THE INCOME FUND.

7 SEC. 22C. (1) THE HEALTH INSURANCE FUND IS CREATED IN THE
8 RETIREMENT SYSTEM. THE RETIREMENT SYSTEM SHALL DEPOSIT INTO THE
9 HEALTH INSURANCE FUND THE MEMBER CONTRIBUTIONS FOR HEALTH BENE-
10 FITS REQUIRED BY THIS SECTION AND STATE APPROPRIATIONS. THE
11 RETIREMENT SYSTEM SHALL DISBURSE FROM THE HEALTH INSURANCE FUND
12 THE PREMIUMS OR PORTION OF THE PREMIUMS FOR DENTAL, HOSPITAL, AND
13 MEDICAL COVERAGE INSURANCE AS REQUIRED BY SECTION 50B.

14 (2) A MEMBER SHALL MAKE CONTRIBUTIONS TO THE HEALTH INSUR-
15 ANCE FUND OF 1% OF EACH PAYMENT OF SALARY RECEIVED THAT IS
16 ATTRIBUTABLE TO SERVICE PERFORMED ON AND AFTER JANUARY 1, 1995.
17 THE CONTRIBUTIONS SHALL BE MADE BY PAYROLL DEDUCTIONS AND EACH
18 MEMBER IS CONSIDERED TO CONSENT TO THE DEDUCTIONS AS A CONDITION
19 OF MEMBERSHIP IN THE RETIREMENT SYSTEM.

20 Sec. 23. (1) A member or deferred vested member who meets
21 the following requirements shall be entitled to a retirement
22 allowance:

23 (a) The member or deferred vested member qualifies under 1
24 of the following:

- 25 (i) Has not less than 8 years of service.
- 26 (ii) Has not less than 6 years of service, and has been
27 elected, qualified, and seated not less than 4 times for full or

1 partial terms if a member of the house or not less than 2 times
2 if a member of the senate elected after November 7, 1966, or has
3 not less than 6 years of service and has been elected, qualified,
4 and seated not less than 2 times for full or partial terms as a
5 member of the house and not less than 1 time as a member of the
6 senate elected after November 7, 1966.

7 (iii) Effective January 1, 1987, has not less than 5 years
8 of service and has been elected, qualified, and seated for a full
9 or partial term not less than 3 times if a member of the house or
10 not less than 2 times if a member of the senate, or not less than
11 1 time as a member of the house and not less than 1 time as a
12 member of the senate.

13 (b) The member or deferred vested member has attained 55
14 years of age.

15 (c) The member or deferred vested member has filed with the
16 board a written application for a retirement allowance that
17 states the years of service, the highest salary received during
18 the member's or deferred vested member's service before applica-
19 tion, and the date the member or deferred vested member desires
20 to be retired, which date shall be not more than 90 days after
21 the execution and filing of the application.

22 (2) A member shall not be entitled to receive a retirement
23 allowance provided for in this section or section 23d while serv-
24 ing as a legislator or lieutenant governor. Each person receiv-
25 ing benefits under this act consents and agrees as a condition of
26 receiving the benefits that benefits of any nature shall not be
27 paid while the person is a legislator or lieutenant governor.

1 (3) A deferred vested member who left service after December
2 31, 1974, and before January 1, 1979, and who becomes a retirant
3 shall be entitled to an annual retirement allowance of 30% of the
4 salary stated in the application for the first 8 years of service
5 plus 3.75% for each of the next 8 years of service. A fraction
6 of a year of service in excess of 8 years shall be prorated. If
7 the retirant has less than 8 years of service but qualifies by
8 the election method, the retirement allowance shall be that pro-
9 portion of 30% that his or her years of service and fraction of a
10 year of service bears to 8 years. Years of service listed in the
11 application need not be consecutive but shall have been rendered
12 before payment of the retirement allowance. Except as provided
13 in section 23c, a retirement allowance shall not exceed 60% of
14 the salary stated in the application.

15 (4) A member who retired after December 31, 1978 and before
16 January 1, 1987, or a deferred vested member who left service
17 after December 31, 1978 and before January 1, 1987, and becomes a
18 retirant, shall be entitled to an annual retirement allowance of
19 32% of the salary stated in his or her application for the first
20 8 years of service plus 4% for each of the next 8 years of
21 service. A fraction of a year of service in excess of 8 years
22 shall be prorated. If the member or deferred vested member has
23 less than 8 years of service but qualifies by the election
24 method, the retirement allowance shall be that proportion of 32%
25 that his or her years of service and fraction of a year of serv-
26 ice bears to 8 years. Years of service listed in the application
27 need not be consecutive, but shall have been rendered before

1 payment of the retirement allowance. Except as provided in
2 section 23c, a retirement allowance shall not exceed 64% of the
3 salary stated in the application.

4 (5) A member who FIRST BECOMES A MEMBER ON OR BEFORE
5 DECEMBER 1, 1994 AND WHO retires after December 31, 1986, or a
6 deferred vested member WHO FIRST BECOMES A MEMBER ON OR BEFORE
7 DECEMBER 1, 1994, who leaves service after December 31, 1986, and
8 WHO becomes a retirant, shall be entitled to an annual retirement
9 allowance of 20% of the salary stated in his or her application
10 for the first 5 years of service plus 4% for each of the next 11
11 years of service. A fraction of a year of service in excess of 5
12 years shall be prorated. Years of service listed in the applica-
13 tion need not be consecutive, but shall have been rendered before
14 payment of the retirement allowance. Except as provided in this
15 subsection and section 23c, a retirement allowance shall not
16 exceed 64% of the salary stated in the application. Effective
17 January 1, 1987, however, a member who FIRST BECOMES A MEMBER ON
18 OR BEFORE DECEMBER 1, 1994 AND WHO has 16 or more years of serv-
19 ice shall also be entitled to a longevity allowance of 1.0% of
20 the member's salary for each year of service beyond 16 years but,
21 except as otherwise provided in this subsection, not to exceed 20
22 years. Except as provided in this subsection and section 23c,
23 the retirement allowance of a member entitled to a longevity
24 allowance UNDER THIS SUBSECTION shall not exceed 68% of the
25 salary stated in the application. Beginning January 1, 1989, a
26 member WHO FIRST BECOMES A MEMBER ON OR BEFORE DECEMBER 1, 1994,
27 who has 20 or more years of service, and who meets the age and

1 service requirements or service requirements to be eligible to
2 receive a retirement allowance under this act shall be entitled
3 to a longevity allowance of 1.0% of the member's salary for each
4 year of service beyond 20 years.

5 (6) A MEMBER WHO FIRST BECOMES A MEMBER ON OR AFTER
6 DECEMBER 2, 1994 AND WHO BECOMES A RETIRANT UNDER THIS ACT IS
7 ENTITLED TO AN ANNUAL RETIREMENT ALLOWANCE EQUAL TO THE PRODUCT
8 OF THE FOLLOWING:

9 (A) THE SALARY STATED IN HIS OR HER APPLICATION.

10 (B) YEARS AND FRACTION OF A YEAR OF SERVICE.

11 (C) THREE PERCENT.

12 (7) ~~(6)~~ A retirant who elects to purchase military service
13 credit pursuant to section 11(2) shall have his or her retirement
14 allowance recalculated to include the military service credit
15 purchased pursuant to that section. The first payment of the
16 recalculated retirement allowance shall be made effective with
17 the first check after the recalculation is made.

18 (8) ~~(7)~~ The retirement allowance of a retirant who, on
19 January 1, 1987, satisfied the conditions required by
20 section 9(3) shall have his or her retirement allowance recalcu-
21 lated to reflect the increase in salary for those years permitted
22 by section 9(3) before the member became a retirant.

23 (9) ~~(8)~~ Within 30 days after becoming 55 years of age, a
24 deferred vested member may elect to defer receipt of the retire-
25 ment allowance to which the member is entitled under this act to
26 a date certain, not to exceed 70-1/2 years of age. ~~At~~ EXCEPT
27 AS OTHERWISE PROVIDED IN THIS SUBSECTION, AT the date the member

1 designates to begin receipt of his or her retirement allowance,
2 the member's retirement allowance shall be actuarially recomputed
3 to reflect the member's age and life expectancy at initial
4 receipt of the deferred retirement allowance. UPON REQUEST OF
5 THE DEFERRED VESTED MEMBER WHO ELECTS TO BEGIN RECEIVING HIS OR
6 HER RETIREMENT ALLOWANCE, THE RETIREMENT BOARD MAY PAY TO THE
7 MEMBER A LUMP SUM PAYMENT OF AN AMOUNT EQUAL TO THE SUM OF THE
8 RETIREMENT ALLOWANCE THAT WAS DEFERRED PURSUANT TO THIS
9 SUBSECTION. THE RETIREMENT BOARD SHALL NOT ACTUARIALLY RECOMPUTE
10 THE MEMBER'S RETIREMENT ALLOWANCE UPON PAYMENT OF A LUMP SUM
11 UNDER THIS SUBSECTION.

12 (10) ~~-(9)-~~ Notwithstanding subsection (1), a member or
13 deferred vested member may retire with a retirement allowance
14 computed according to the applicable provisions of this section
15 if all of the following apply:

16 (a) The member or deferred vested member files a written
17 application with the retirement board stating a date, not less
18 than 30 nor more than 90 days after the execution and filing of
19 the application, on which the member or deferred vested member
20 desires to retire.

21 (b) On the last day of the month immediately preceding the
22 retirement allowance effective date stated in the application,
23 the member's or deferred vested member's combined age and length
24 of credited service is equal to or greater than 70 years and the
25 member or deferred vested member is 50 years of age or older.

26 (11) ~~-(10)-~~ A member who retires before January 1, 1987 or a
27 deferred vested member who leaves service before January 1, 1987

1 and becomes a retirant shall, in addition to the retirement
2 allowance calculated under subsection (3) or (4), be entitled to
3 a longevity allowance if the retirant or deferred vested member
4 has more than 16 years of service. The longevity allowance is
5 1.0% of the former member's salary stated in the application for
6 each year of service beyond 16 years but, except as otherwise
7 provided in this subsection, not to exceed 20. A member who
8 retires before January 1, 1987 or a deferred vested member who
9 leaves service before January 1, 1987 and becomes a retirant
10 shall, in addition to the retirement allowance calculated under
11 subsection (3) or (4), be entitled to a longevity allowance of
12 1.0% of the former member's salary stated in the application for
13 each year of service beyond 20 years that was served after the
14 member met the age and service requirements or service require-
15 ments to be eligible to receive a retirement allowance under this
16 act. The retirement allowance of a retirant who satisfies the
17 conditions under this subsection shall have his or her retirement
18 allowance recalculated to reflect the longevity allowance for
19 those years permitted by this subsection effective January 1,
20 1987 or the date of retirement, whichever is later. The applica-
21 tion of the longevity allowance to the retirant's retirement
22 allowance under this subsection shall be applied before the pro-
23 visions of section 23c are applied to that retirement allowance.
24 Except as provided in this subsection and section 23c, a retire-
25 ment allowance shall not exceed 68% of the salary stated in the
26 application.

1 Sec. 23c. (1) ~~After December 31, 1978, on January 1 of~~
2 ~~each year a retirement allowance shall be increased 3% compounded~~
3 ~~annually.~~ After December 31, 1986, on January 1 of each year a
4 retirement allowance ATTRIBUTABLE TO A MEMBER WHO FIRST BECOMES A
5 MEMBER ON OR BEFORE DECEMBER 1, 1994, shall be increased 4% com-
6 pounded annually.

7 (2) BEGINNING JANUARY 1, 1995, EACH RETIREMENT ALLOWANCE
8 ATTRIBUTABLE TO A MEMBER WHO FIRST BECOMES A MEMBER AFTER
9 DECEMBER 1, 1994, SHALL BE INCREASED EACH JANUARY 1. THE AMOUNT
10 OF THE ANNUAL INCREASE SHALL BE EQUAL TO 4% OF THE RETIREMENT
11 ALLOWANCE PAYABLE AS OF THE RETIREMENT ALLOWANCE EFFECTIVE DATE.

12 (3) A retirement allowance ~~which~~ THAT begins after January
13 1 of ~~a~~ THE IMMEDIATELY PRECEDING CALENDAR year shall be
14 increased UNDER THIS SECTION on a pro rata basis by the applica-
15 ble percentage amount from the time the retirement allowance
16 begins TO THE DATE OF THE INCREASE.

17 Sec. 23d. (1) A member who is not entitled to a retirement
18 allowance under section 23 or a deferred vested member shall be
19 entitled to a retirement allowance if the board has received a
20 certification by not less than 2 licensed physicians appointed by
21 the board stating that the member or deferred vested member is
22 disabled from engaging in any substantial gainful activity by
23 reason of a medically determinable physical or mental impairment
24 which can be expected to result in death, or can be expected to
25 last for a continuous period of ~~not less than~~ 12 months OR
26 MORE.

1 (2) A member or deferred vested member entitled to a
2 retirement allowance under subsection (1) shall receive the
3 retirement allowance APPLICABLE TO THAT MEMBER OR DEFERRED VESTED
4 MEMBER provided for in section 24(4), (5), OR (6).

5 (3) A member who is currently receiving compensation as a
6 legislator or lieutenant governor shall not be entitled to a
7 retirement allowance under this section.

8 (4) The board may provide for the examination by 1 or more
9 licensed physicians designated by the board at least once a year
10 of a person who is receiving a retirement allowance under THIS
11 section ~~23d~~ during the continuance of the disability. The
12 board shall not provide for an examination after the member
13 attains 55 years of age.

14 Sec. 25. (1) The retirement system shall be construed to be
15 a trust, separate from all other entities, maintained for the
16 purpose of securing payment of benefits to the members, deferred
17 vested members, retirants, and their SURVIVORS AND beneficiaries
18 as provided in this act.

19 (2) THE BOARD IS THE FIDUCIARY OF THE RETIREMENT SYSTEM WITH
20 THE AUTHORITY TO CONTROL AND MANAGE THE OPERATION AND ADMINISTRA-
21 TION OF THE RETIREMENT SYSTEM IN THE MANNER PROVIDED BY THIS ACT.

22 Sec. 26. (1) The retirement system shall be administered by
23 a board of trustees, consisting of ~~9~~ 11 persons as follows:

24 (A) Three members of the house of representatives appointed
25 by the speaker. ~~3~~

1 (B) THREE members of the senate, appointed in the same
 2 manner as MEMBERS OF standing committees of the senate are
 3 appointed. ~~, 1 retirant~~

4 (C) TWO RETIRANTS appointed by the board. ~~, the~~

5 (D) ONE DEFERRED VESTED MEMBER APPOINTED BY THE BOARD.

6 (E) THE senate majority leader ~~, and the~~ OR A MEMBER OF
 7 THE SENATE DESIGNATED BY THE SENATE MAJORITY LEADER.

8 (F) THE speaker of the house OR A MEMBER OF THE HOUSE OF
 9 REPRESENTATIVES DESIGNATED BY THE SPEAKER OF THE HOUSE.

10 (2) Only members of the retirement system ~~shall be~~ ARE
 11 eligible to serve as members on the board of trustees except for
 12 the ~~retirant~~ RETIRANTS. Board members shall be appointed for
 13 2-year terms. TWO OR MORE OF THE MEMBERS APPOINTED TO THE BOARD
 14 UNDER SUBSECTION (1) (A) AND 2 OR MORE OF THE MEMBERS APPOINTED TO
 15 THE BOARD UNDER SUBSECTION (1) (B) SHALL BE VESTED MEMBERS OF THE
 16 RETIREMENT SYSTEM ON THE DATE OF APPOINTMENT OR, FOR HOUSE MEM-
 17 BERS, SHALL HAVE BEEN ELECTED, QUALIFIED, AND SEATED IN THE HOUSE
 18 OF REPRESENTATIVES NOT LESS THAN 3 TIMES FOR FULL OR PARTIAL
 19 TERMS ON THE DATE OF APPOINTMENT OR, FOR SENATE MEMBERS, SHALL
 20 HAVE BEEN ELECTED, QUALIFIED, AND SEATED IN THE SENATE NOT LESS
 21 THAN 2 TIMES FOR FULL OR PARTIAL TERMS ON THE DATE OF THE
 22 APPOINTMENT.

23 (3) ~~(2)~~ Each person, whether appointed as a trustee or
 24 becoming a trustee ex officio, shall take an oath of office
 25 before the secretary of state and, ~~shall thereupon qualify~~ UPON
 26 TAKING THE OATH, QUALIFIES as a trustee. The oath of office

1 shall be as prescribed under section 1 of article ~~11~~ XI of the
2 state constitution of 1963.

3 Sec. 30. Each trustee ~~shall be~~ IS entitled to 1 vote on
4 any action of the board and at least ~~4~~ 5 concurring votes
5 ~~shall be~~ ARE necessary for any action by the board at ~~any of~~
6 ~~its meetings~~ A MEETING. ~~No~~ A decision or action shall NOT
7 become effective, unless presented and so approved by the action
8 of the board. A trustee shall not vote by proxy, but shall be
9 present at the meeting in order to have his OR HER vote
10 recorded.

11 Sec. 50a. (1) The grants and insurance revolving fund is
12 created in the state treasury as a separate fund, into which
13 shall be paid legislative grants, earnings from the fund, pay-
14 ments by or on behalf of members, and revenue from other sources
15 accepted by the board. Money appropriated to the GRANTS AND
16 INSURANCE REVOLVING fund shall not revert to the general fund at
17 the close of the fiscal year but shall remain in the GRANTS AND
18 INSURANCE REVOLVING fund. The legislative grants in the GRANTS
19 AND INSURANCE REVOLVING fund shall not be expended except upon
20 express direction of the legislature; but all other money in the
21 GRANTS AND INSURANCE REVOLVING fund may be expended for the pur-
22 poses and in the manner provided in this section.

23 (2) ~~Each~~ BEGINNING WITH SALARY RECEIVED THAT IS ATTRIBUT-
24 ABLE TO SERVICE PERFORMED ON AND AFTER JANUARY 1, 1995, EACH leg-
25 islator or member shall pay a sum equal to ~~1%~~ 0.5% of salary
26 common to all members to the GRANTS AND INSURANCE REVOLVING fund
27 to be eligible for the benefits provided in this section. The

1 sum shall be collected by payroll deductions in the manner
2 prescribed in this act.

3 (3) The board ~~may~~ SHALL SELF-INSURE OR SHALL purchase and
4 pay the premiums on a life insurance policy or policies
5 ~~providing~~ TO PROVIDE LIFE INSURANCE death or other benefits for
6 retirants, deferred vested members, and the spouses, eligible
7 children, or eligible beneficiaries of retirants and deferred
8 vested members from the amounts paid pursuant to subsection (2)
9 for this purpose to the grants and insurance revolving fund.
10 Life insurance benefits ~~currently~~ provided on ~~the effective~~
11 ~~date of this subsection~~ JUNE 23, 1987 shall not be diminished
12 due to the amendments to this section by ~~the 1987 amendatory act~~
13 ~~that added this subsection~~ ACT NO. 58 OF THE PUBLIC ACTS OF
14 1987.

15 (4) A MEMBER OR DEFERRED VESTED MEMBER, UPON APPLICATION TO
16 RETIRE UNDER THIS ACT, SHALL ELECT TO HAVE THE BOARD PROVIDE LIFE
17 INSURANCE BENEFITS UNDER THIS SECTION OR TO HAVE THE ACTUARIAL
18 PRESENT VALUE OF THE LIFE INSURANCE BENEFITS AS OF THE DATE OF
19 RETIREMENT USED TO PURCHASE AN ADDITIONAL MONTHLY LIFE ANNUITY
20 FOR THE MEMBER OR DEFERRED VESTED MEMBER. THE ELECTION UNDER
21 THIS SECTION MADE BY THE MEMBER OR DEFERRED VESTED MEMBER IS
22 IRREVOCABLE. IF THE MEMBER OR DEFERRED VESTED MEMBER ELECTS AN
23 ANNUITY UNDER THIS SECTION, THE PERSON'S SPOUSE AND ANY PERSON
24 PREVIOUSLY DESIGNATED AS A BENEFICIARY OF A LIFE INSURANCE POLICY
25 BY A MEMBER OR A DEFERRED VESTED MEMBER UNDER THIS SECTION SHALL
26 SIGN A STATEMENT PREPARED BY THE RETIREMENT BOARD ACKNOWLEDGING

1 THE ELECTION OF THE MEMBER. THE ADDITIONAL MONTHLY LIFE ANNUITY
2 SHALL BE PAID FROM THE GRANTS AND INSURANCE REVOLVING FUND.

3 Sec. 50b. ~~The board may purchase and pay the premiums on~~
4 ~~dental, hospital, and medical coverage insurance for retirants,~~
5 ~~deferred vested members, and the spouses, eligible children, and~~
6 ~~survivors of retirants and deferred vested members from appropri-~~
7 ~~ations made for this purpose to the grants and insurance revolv-~~
8 ~~ing fund.~~ FOR A RETIRANT OR A SURVIVOR OR BENEFICIARY OF A
9 DECEASED RETIRANT, OR FOR A DEFERRED VESTED MEMBER WHO FIRST
10 BECAME A MEMBER ON OR BEFORE DECEMBER 1, 1994, THE RETIREMENT
11 SYSTEM SHALL PURCHASE AND PAY THE PREMIUM FOR HOSPITALIZATION AND
12 MEDICAL INSURANCE COVERAGE AND DENTAL AND VISION COVERAGE FOR THE
13 RETIRANT, DEFERRED VESTED MEMBER, AND THE SPOUSES, ELIGIBLE CHIL-
14 DREN, AND SURVIVORS OF THOSE RETIRANTS AND DEFERRED VESTED
15 MEMBERS. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
16 RETIREMENT SYSTEM SHALL PROVIDE HOSPITALIZATION AND MEDICAL
17 INSURANCE COVERAGE AND DENTAL AND VISION INSURANCE COVERAGE UNDER
18 THIS SECTION AT A LEVEL THAT IS EQUAL TO OR GREATER THAN THE
19 LEVEL OF INSURANCE COVERAGE UNDER THIS SECTION IN EFFECT ON
20 DECEMBER 1, 1992. THE RETIREMENT BOARD MAY INCREASE THE AMOUNTS
21 EACH PERSON WHO IS ENROLLED IN INSURANCE COVERAGE UNDER THIS SEC-
22 TION IS REQUIRED TO PAY FOR CO-PAYS OR DEDUCTIBLES UNDER THAT
23 INSURANCE COVERAGE.

24 Sec. 51. ~~All~~ THE RETIREMENT BOARD SHALL CLEARLY MARK ALL
25 investments ~~shall be clearly marked~~ to indicate ownership by
26 the system and, to the extent possible, shall ~~be registered~~
27 REGISTER ALL INVESTMENTS in the name of the system. ~~All~~

~~1 investments shall be carried at a book value such that the yield,~~
~~2 computed as a uniform interest rate compounded annually or semi-~~
~~3 annually, as the case may be, will remain uniform to maturity.~~
~~4 No adjustments shall be made in investment valuations for ordi-~~
~~5 nary current market price fluctuations; but reserves may be pro-~~
~~6 vided for anticipated losses upon redemption as determined by the~~
~~7 board.~~ THE RETIREMENT BOARD SHALL RECORD ALL INVESTMENTS PURSU-
8 ANT TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PROMULGATED BY
9 THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, UPON ADOPTION OF
10 THOSE PRINCIPLES BY THE RETIREMENT BOARD.

11 Sec. 54. (1) It is the intention of the legislature that
12 the payment of ~~-(a)-~~ the required state contributions, ~~-(b)-~~ all
13 benefits granted under this system, and ~~-(c)-~~ all expenses in
14 connection with the administration and operation ~~thereof,~~ OF
15 THE RETIREMENT SYSTEM are made obligations of the state.

16 (2) All revenue derived from deposits and investments autho-
17 rized by this act shall be credited to the account of this system
18 in the state treasury and shall be used to pay benefits ~~in~~
19 ~~accordance with~~ AND COSTS OF ADMINISTRATION AS PROVIDED IN this
20 act.

21 Section 2. This amendatory act shall take effect
22 December 31, 1994.