



**House  
Legislative  
Analysis  
Section**

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**PSERS: REVISE CRITERIA FOR  
NAMING BENEFICIARIES**

**House Bill 4585**

**Sponsor: Rep. Stephen Ehardt**

**Committee: Senior Health, Security and  
Retirement**

**Complete to 5-27-03**

**A SUMMARY OF HOUSE BILL 4585 AS INTRODUCED 4-29-03**

A member of the Public School Employees Retirement Act (PSERS) may elect to receive his or her retirement allowance under one of four payment options. The election must be in writing and filed with the retirement board at least 15 days before the effective date of the retirement allowance, with an exception for a disability retirant. The four options are as follows: 1) a straight retirement allowance for the life of the retirant with no further payments after the retirant's death; 2) payment of a reduced retirement allowance for life with a continuation of reduced payments paid to a beneficiary for his or her life after the retirant's death; 3) payment of a reduced benefit for life with continuation of a payment of one-half of the reduced retirement allowance paid to a beneficiary for his or her life after the retirant's death; and 4) on and after January 1, 2000, payment of a reduced benefit for life with a continuation of a payment of 75 percent of the reduced retirement allowance paid to the beneficiary for his or life after the death of the retirant. The beneficiary must be either a spouse, brother, sister, parent, or child (if the retiring member is married on the retirement allowance effective date, naming a beneficiary other than a spouse requires the signature of the spouse).

The act specifies that the retirement allowance beneficiary selected under choices 2-4 above cannot be changed on or after the effective date of the retirement allowance. House Bill 4585 would amend the act to allow a retirant who selected option 2, 3, or 4 above to change his or her retirement allowance beneficiary if he or she outlived his or her spouse and subsequently remarried. In order to change the designation for a beneficiary, all of the following would have to apply:

- The first retirement allowance beneficiary had been a spouse and he or she preceded the retirant in death after the retirement allowance effective date.
- The retirant remarried after the retirement allowance effective date.
- The retirant filed a written request with the retirement system to name the current spouse as a beneficiary not earlier than 180 days and not later than one year after the marriage. If the death of the first spouse and the remarriage took place before the bill's effective date, the retirant would have 180 days from the bill's effective date to file a written request with the retirement system to change the beneficiary designation to the current spouse.

The bill would also allow a retirant who was not married on his or her retirement allowance effective date and who had not selected a payment option from the four choices (in which case, the payment defaults to the straight retirement allowance), to select a benefit payment option

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from choices 2-4 above if he or she married after his or her retirement allowance effective date; the designated beneficiary is his or her spouse; and the retirant filed a written request with the retirement system to choose a benefit payment option and designate the current spouse as the beneficiary not earlier than 180 days and not later than one year after the marriage. A retirant who married after his or her retirement allowance effective date but before the bill's effective date would have 180 days after the bill's effective date to file a written request with the retirement system.

Further, the bill would specify that the retirement allowance of the retirant who made an election under the bill's provisions could not be greater than the actuarial equivalent of the retirement allowance that the retirant would otherwise be entitled to if he or she had elected to receive the straight payment option with no beneficiary. The new benefit payment option would become effective the first day of the month following the filing of the written request.

MCL 38.1385

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