SFA BILL ANALYSIS

Senate Fiscal Agency • Lansing, Michigan 48909 • (517) 373-5383

House Bill 4751 (as reported with amendment)
Sponsor: Representative Justine Barns
House Committee: Senior Citizens and Retirement
Senate Committee: Judiciary

Date Completed: 3-1-88

RATIONALE

Several laws that provide for retirement systems, including the Municipal Employees Retirement Act, the Public School Employees Retirement Act, and the State Employees Retirement Act, include a provision that allows the dependents of a deceased, deferred member to receive the member's pension benefits. Some members of county retirement systems have advocated changes to include this benefit within their plans.

CONTENT

The bill would amend Public Act 156 of 1851, which allows a county board of commissioners to adopt and establish a pension or retirement plan for county employees, to provide that a plan could provide benefits for the dependents of a county employee who died after leaving county employment with at least the number of years of service required to vest in the plan but before becoming eligible to receive a pension or retirement benefit.

The bill also would delete a provision that allows the county board of commissioners the option to require that employees be retired from county service when they reach a specific age designated in the plan. The bill would take effect on March 31, 1988.

MCL 46.12a

SENATE COMMITTEE ACTION

The Senate Judiciary Committee adopted an amendment to the bill that would add an effective date of March 31, 1988.

FISCAL IMPACT

The bill would increase administrative costs by an indeterminate amount for the Department of Management Budget to review resulting changes in county pension plans. The amount of the increase would depend on the number of plans revised and the amount of staff resources required to review each plan.

The bill would increase benefit costs by a small amount to county governments which elected to provide the additional benefits to beneficiaries. The total amount of the increase would depend on the number of beneficiaries of county officials eligible for the additional benefits and the amount of benefits each would be eligible to receive. County governments would be required to increase their contributions to their retirement systems to reflect the actuarial cost of the increased liability.

ARGUMENTS

Supporting Argument

Several of the public employee retirement Acts already have a provision allowing the dependents of deceased, deferred members to collect pension benefits. The bill would allow counties to include a similar provision in their employee retirement plans. In addition, the bill would delete language allowing a county to set a mandatory retirement age, in order to comply with Federal law prohibiting age discrimination.

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