



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4672 (Substitute S-1 as reported)
Sponsor: Representative Clark Harder
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend the Judges Retirement Act to adjust the annual retirement allowances of retirants and their beneficiaries. Specifically, the bill would add two new sections to the Act. Section 510 would provide a supplement to the retirement allowances of members, and the beneficiaries of members, who retired before January 1, 1980, excluding members who belonged to the former Judges Retirement System (JRS) before September 8, 1961, and their beneficiaries. The amount of the supplement to the retirement allowances would range from 11% for members who retired in 1979, to 24% for those who retired before January 1, 1967. The supplement would be effective June 1, 1996, and paid prior to October 1, 1996. Future adjustments to retirement allowances would be based on the recalculated amount. This provision also would not apply to a retirant or beneficiary who received a supplement under Section 16a of the former Probate Judges Retirement System (PJRS) since they received a similar supplemental payment in 1993. Retirants receiving two retirement allowances, one for service credited under the former JRS and one for service credited under the PJRS, would receive a supplement on whichever of the two retirement allowances was larger.

The bill also would add Section 511 to establish a minimum retirement allowance for members, and the beneficiaries of members, who retired before January 1, 1980. The minimum allowance would be \$10,000 per year for a retiree or an Option A beneficiary if the retirant had at least eight years of credited service. Beneficiaries of a member with at least eight years of credited service but not Option A beneficiaries would receive a minimum annual retirement allowance of \$8,500. If a member or his or her beneficiary received an annuity from another public retirement system attributable to the same years of service as the years of service under the judgeship, the minimum retirement allowance would have to be reduced by the amount of the other publicly supported retirement system. The reduced amount, however, could not be less than the retirement allowance as supplemented by Section 510, or not less than the current retirement allowance. Retirants receiving two retirement allowances, one for service credited under the former JRS and one for service credited under the PJRS, would receive an increase on whichever of the two retirement allowances was larger. This section would not apply to retirees or beneficiaries who received an increase in their retirement allowances under Section 16b of the former PJRS. An increased retirement allowance under this section would not become effective until October 1, 1996, and would not be payable for any month beginning before October 1, 1996.

FISCAL IMPACT

The cost of these provisions would be an estimated \$24,000 annually. The contribution rate would increase by 0.05% of payroll. There are 13 retirees and 18 beneficiaries who would be eligible for the supplemental retirement allowance provision. One retiree would be brought up to the minimum allowance of \$10,000 per year while nine beneficiaries would be brought up to the minimum retirement allowance of \$8,500 per year.

Date Completed: 6-3-96

Fiscal Analyst: J. Carrasco

[floor\hb4672](#)

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.