



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 1017 (Substitute S-1 as reported)
Sponsor: Senator Ron Jelinek
Committee: Education

CONTENT

The bill would amend the Public School Employees Retirement Act to permit a retirant whose spouse was deceased and who later remarried, or a retirant who first married after being retired, to select his or her current spouse as a retirement allowance beneficiary under certain conditions.

The Act permits a retiring member of the Public School Employees Retirement System to elect to be paid a straight retirement allowance for life, with no additional payment to be made upon his or her death, or a reduced retirement allowance for life with the provision that, upon his or her death, payment of the retirement allowance or a specified portion of it will be continued through the lifetime of a designated beneficiary.

As a rule, if a retirant selects a beneficiary and the beneficiary predeceases the retirant, the retirement benefit reverts to a straight retirement allowance payable during the remainder of the retirant's life. The bill would create an exception to this provision for a retirant whose spouse was deceased and who later remarried, or a retirant who first married after being retired.

If an individual selected a beneficiary under the bill, his or her retirement allowance could not be greater than the actuarial equivalent of the retirement allowance that he or she otherwise would be entitled to under a straight retirement benefit with no additional payments to be made upon his or her death.

An individual who became a retirant allowance beneficiary as allowed by the bill would not be a health insurance dependent and would not be entitled to health insurance benefits, with the following exception: A surviving spouse who was selected as a beneficiary under the bill could elect to receive insurance coverage if the retirant were responsible for payment for the elected coverage, and it were paid in a manner prescribed by the retirement system.

The bill would take effect January 1, 2008.

MCL 38.1385 & 38.1391

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-28-06

Fiscal Analyst: Joe Carrasco