



**Senate Fiscal Agency**  
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**BILL ANALYSIS**



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Senate Bill 198 (Substitute S-1 as reported)  
 Sponsor: Senator Jon Cisky  
 Committee: Appropriations

**CONTENT**

The bill would amend the State Police Retirement Act (Public Act 182 of 1986) to do the following beginning October 1, 1995:

- Provide that a retirant allowance payable to a retirant or a retirant allowance beneficiary whose allowance represents 25 years of service, including military buy-out time, and those receiving duty related disability or duty related death benefits, would receive a total retirement allowance of not less than \$10,800 per year.
- Provide that the retirement allowance of a retirant or retirant allowance beneficiary who has been retired for 12 months, be increased each October 1, by 2% (up to a \$500 per year maximum) for those not already benefiting from such an annual increase.
- Provide that a retirement allowance payable to a retirant or retirant allowance beneficiary whose effective date of retirement was before October 1, 1986, and represents 25 years of service, including military buy-out time, and those receiving duty related disability or duty related death benefits, would be supplemented by 10%. The recalculated allowance would be the basis upon which all future adjustments to the retirement allowance are calculated.

MCL 38.1640 & 38.1640a

**FISCAL IMPACT**

The annual fiscal impact upon the State Police budget of raising the minimum yearly retirement payout for 25-year veterans from \$6,000 to \$10,800, providing a permanent 2% COLA for all retirees of the State Police Retirement System, providing a 10% increase for pre-1986 retirants, is estimated at \$1.9 million in GF/GP funds and is summarized in the table below. The percentages shown in the table are the increases in the FY 1995-96 contribution rates and are the percentages of payroll that would be required to fund the provisions in the bill, independently and taken together.

Provision in S.B. 198 (S-1)	Increase in Contribution Rate	Total Contribution Rate (Including S.B. 198 (S-1))	Total Pension Contribution	Amount of Increase in Contribution
Current Plan	n/a	30.16%	\$32,723,600	n/a
(1) Minimum benefit of \$10,800 per annum, if 25 years	0.18%	30.34%	32,918,900	195,300
(2) 2% COLA	1.17%	31.33%	33,993,100	1,269,500
(3) 10% increase for pre-1986 full retirants	0.45%	30.61%	33,211,900	488,300
(4)* Items (1), (2), (3)	1.78%	31.94%	\$34,654,900	\$1,931,300

Date Completed: 12-12-95  
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Fiscal Analyst: B. Baker & J. Carrasco

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.