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BILL



ANALYSIS

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Senate Bill 1143 (as reported without amendment)  
Sponsor: Senator Jon Cisky  
Committee: Appropriations

### **CONTENT**

The bill would amend Public Act 88 of 1961, the Reciprocal Retirement Act, by deleting the minimum retirement age of 60 for retirees as specified in the Act. This amendment would allow members choosing to invoke the provisions of Public Act 88 to do so at the earliest eligible age rather than having to wait until age 60. The Act allows a person employed by a governmental unit in Michigan to use service credited in another governmental unit to meet the vesting requirements. For example, if a person works for the State of Michigan for three years and then goes to work for Ingham County for seven years, the person may combine the years from the two units of government to meet the 10-year vesting requirement of each unit of government, provided the latter employer has adopted Public Act 88. However, the current provisions in the Act state that the person must attain age 60 before receiving a retirement benefit, even if the retirement system from which the person will receive a benefit allows retirement at an earlier age.

Currently, four of the five public retirement systems administered by the State of Michigan have adopted Public Act 88. They include the State Employees Retirement System (SERS), the Public School Employees Retirement System (PSERS), the Judges Retirement System (JRS), and the Municipal Employees Retirement System (MERS). The last, MERS, comprises over 490 local units of government; however, each local unit of government must separately adopt Public Act 88. The actual number of municipalities that have adopted the Act is unavailable. The youngest age at which members of the SERS, PSERS, or JRS may retire with full normal benefits is 55. Local units of government within the MERS network may adopt provisions that allow members to retire at age 50 or 55; otherwise, the minimum retirement age for full benefits in the MERS is 60.

MCL 38.1104

### **FISCAL IMPACT**

The bill would have no fiscal impact on the State or local units of government because their retirement system members would not be receiving any additional benefit. They would only be receiving a benefit to which they are fully entitled and for which the State or local governmental unit made contributions throughout the member's working career. It is unknown how many members in the four retirement systems that have adopted Public Act 88 would receive benefits through the provisions of the amended Act.

Date Completed: 9-24-96

Fiscal Analyst: J. Carrasco

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