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

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4052 (as passed by the House)
Sponsor: Representative David Anthony
House Committee: Public Retirement
Senate Committee: Appropriations

Date Completed: 5-13-97

CONTENT

The bill would amend the State Employees' Retirement Act to increase the duty-death retirement benefit for survivors of conservation officers and to provide a one-time supplemental increase in the retirement allowance of certain conservation officers or their beneficiaries.

Currently, survivors of conservation officers who die as a result of injury or disease arising out of and in the course of their employment as conservation officers receive a maximum retirement allowance of \$2,400. This bill would increase the maximum duty-death retirement benefit for survivors of conservation officers from \$2,400 per annum to \$5,000 per annum. The increased amount would still be limited to an amount that, when added to the statutory workers' compensation benefit to which the dependents of the member or retirant are entitled, exceeds his or her final compensation.

The bill would add Section 48a, which would provide for a one-time supplemental increase in the retirement allowances of certain conservation officers and their beneficiaries. Effective October 1, 1997, the amount of the supplement to the retirement allowances would range from 10% for members who retired between October 1, 1987, and March 30, 1991, to 40% for members who retired before October 1, 1973. Members retiring after March 30, 1991, would not be eligible for a supplemental increase. The requirements for eligibility to receive a supplemental increase would be that the retirant or deceased retirant completed at least 25 years of credited service as a conservation officer or retired due to a duty-incurred total disability as a conservation officer, and had been receiving a retirement allowance as of October 1, 1997.

The bill would also add Section 48b, which would establish a minimum retirement allowance for conservation officers and their beneficiaries effective October 1, 1997. Retired conservation officers who met the requirements to receive a supplemental increase as described above would be entitled to a minimum retirement allowance of \$10,800 per year. The beneficiaries of a deceased retirant who met the requirements would receive a minimum benefit of \$5,400 annually. The increased allowance would be the basis upon which future adjustments would be calculated.

FISCAL IMPACT

There are currently 76 conservation officer retirants and beneficiaries who would be affected by the proposed legislation. The average age of a benefit recipient is 73 and the average annual benefit is \$13,253. The increase in benefits that would be provided under this bill would increase the average annual benefit to \$16,111. This also would increase the unfunded accrued liability of the State Employees Retirement System by an additional \$1.45 million. The result would be an increase in the contribution rate for retirement benefits for current conservation officers of 0.58% of the conservation officer payroll. The payroll for conservation officers is estimated at \$10,930,600 which would result in an increase in the retirement contributions for conservation officers of an estimated

\$63,400 annually.

MCL 38.27 et al.

Fiscal Analyst: J. Carrasco

H9596\S4052A

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.