

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

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Senate Bill 587 (as introduced 5-6-99)  
Sponsor: Senator Bill Bullard, Jr.  
Committee: Local, Urban and State Affairs

Date Completed: 5-11-99

## **CONTENT**

The bill would create the “Public Employee Health Care Fund Investment Act” to permit the legislative body of a public corporation (a county, city, village, or township) to adopt a resolution establishing a public employee health care fund for the payment of health care benefits to retirants and beneficiaries of the retirants of the public corporation. The bill also would: require the resolution to include specific information, such as the designation of an investment fiduciary; require an actuarial review of the fund to be prepared at least every five years; and, require the investment fiduciary to issue a summary annual report to the legislative body that established the fund.

The bill specifies that resolution would have to include all of the following:

- The designation of a person who would act as the fund's investment fiduciary. (“Investment fiduciary” would mean a person who exercised any discretionary authority or control in the investment of the fund's assets, and/or rendered investment advice for a fee or other direct or indirect compensation.)
- A restriction of withdrawals from the fund solely for the payment of health care benefits on behalf of qualified persons and the payment of the fund's administrative expenses.
- The designation of who was a qualified person for payment of health care benefits from the fund.
- A determination of whether the fund would be established on an actuarial basis. If the fund were established on an actuarial basis, and were subsequently determined to be overfunded by at least 110%, the amount of overfunding in excess of 110% could be withdrawn at the option of the public corporation's legislative body that established the fund.
- Approval of an investment policy specifying permitted investments.

The investment fiduciary would have to invest the assets of the fund in accordance with the investment limitation provisions of the public employee retirement system investment Act.

The public corporation would have to have an actuarial review of the fund prepared at least every five years with assets valued on a market related basis. The investment fiduciary would have to prepare and issue a summary annual report to the public corporation's legislative body that established the fund.

Legislative Analyst: L. Arasim

## **FISCAL IMPACT**

The bill would have no fiscal impact on State government. Data are not available to determine accurately the local fiscal impact.

Fiscal Analyst: R. Ross

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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.