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FISCAL ANALYSIS

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HOUSE BILL 5728 (H-2)

Sponsor: Rep. Jerry Vander Roest

House Committee: Senior Health, Security and Retirement

FLOOR ANALYSIS - 4/16/02

Analyst(s): Al Valenzio

SUMMARY

Amends the Public Employee Retirement System Investment Act to require a supplemental actuarial evaluation of proposed pension benefit changes within a state or local government retirement system. The bill requires that the evaluation be completed by the system's actuary and be provided to the decision making body at least 30 days before the proposed change is to go into effect. Pension benefit does not include health benefits for purposes of this bill.

The bill also stipulates that the amortization period for determining employer contributions shall not exceed 30 years for fiscal years that begin after December 31, 2005.

STATE FISCAL IMPACT

Indeterminate. Currently, the system's actuary would normally be requested to evaluate proposed pension benefit changes before being adopted. These types of adjustments, for state systems, cannot be implemented administratively; they must be done through legislation. This bill does formally stipulate how and when this evaluation is to be done, but does not fundamentally change current practice.

Lowering the amortization period is consistent with a recent national standard ruling that public pension plans are already implementing.

LOCAL FISCAL IMPACT

See above.