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SFA BILL ANALYSIS

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House Bill 4675 (Substitute S-2 as reported)
Sponsor: Representative Jason Allen
House Committee: Appropriations
Senate Committee: Judiciary

CONTENT

The bill would amend the Judges Retirement Act to allow a person to elect to receive a supplemented retirement allowance if all of the following applied: 1) the person was a retirant or beneficiary of a deceased retirant whose effective date of retirement was on or after January 1, 1980, but before January 1, 1999; 2) the person was not a retirant or beneficiary of a deceased retirant who was a member of the former Judges Retirement System before September 8, 1961; and 3) the person executed and submitted to the retirement system an election form with a waiver agreement required under the bill. The supplement would increase a retirement allowance by an amount ranging from 0.5% for retirements during 1998, to 8% for retirements during 1980, and would have to be paid to retirants or beneficiaries before October 1, 2003.

A person who elected to receive an allowance supplemented under the bill would have to waive any past, present, or future claim asserted by the plaintiffs in the case of *Ernst* v *Roberts* (No. 01-CV-73738-DT, E.D. MI) or arising from facts that formed the basis of *Ernst*; and agree that he or she would not take any action to question the legal effect of, amend, or rescind the waiver created by his or her election under the bill.

The bill specifies that it would not create and could not be construed to create any obligation or liability of the State or the retirement system to any person who did not timely file or enter a waiver agreement; any admission of liability to any person in any litigation or future litigation; or any waiver of any privilege, immunity, or defense that was or could have been available to the State or its agencies, employees, or agents in any litigation or future litigation with any person.

Proposed MCL 38.2512 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

According to the State's actuaries, the bill would create an unfunded liability of an estimated $4 million. Normally, this unfunded liability would be funded by an increase in employer contributions. Currently, the retirement system is overfunded at nearly 130%; thus, the estimated annual cost of $350,000 to $375,000 would be absorbed by the system's surplus funds resulting in no increase in the contribution rate.

The bill would have no fiscal impact on local government.

Date Completed: 12-5-02 Fiscal Analyst: Joe Carrasco