

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 4675 (Substitute H-1 as passed by the House)
Sponsor: Representative Jason Allen
House Committee: Appropriations
Senate Committee: Judiciary

Date Completed: 12-3-02

CONTENT

The bill would amend the Judges Retirement Act to provide a supplement to certain judges' retirement allowances, by an increase ranging from 0.5% to 8% based on a judge's date of retirement. The supplement would apply to the retirement allowance payable to 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. The supplement would not apply, however, to a retirant or beneficiary of a deceased retirant who was a member of the former Judges Retirement System before September 8, 1961.

A judge's or beneficiary's retirement allowance would be supplemented as shown in Table 1.

Table 1

Effective Date of Retirement	Increase
January 1, 1998 to December 31, 1998	0.5%
January 1, 1997 to December 31, 1997	1.0%
January 1, 1996 to December 31, 1996	1.5%
January 1, 1995 to December 31, 1995	2.0%
January 1, 1994 to December 31, 1994	2.5%
January 1, 1993 to December 31, 1993	3.0%
January 1, 1992 to December 31, 1992	3.5%
January 1, 1991 to December 31, 1991	4.0%
January 1, 1990 to December 31, 1990	4.5%
January 1, 1989 to December 31, 1989	5.0%
January 1, 1988 to December 31, 1988	5.5%
January 1, 1987 to December 31, 1987	6.0%
January 1, 1986 to December 31, 1986	6.5%
January 1, 1985 to December 31, 1985	7.0%
January 1, 1984 to December 31, 1984	7.5%
January 1, 1983 to December 31, 1983	8.0%
January 1, 1982 to December 31, 1982	8.0%
January 1, 1981 to December 31, 1981	8.0%
January 1, 1980 to December 31, 1980	8.0%

The supplemental retirement allowance, as calculated under the bill, would be the basis on which any future adjustments to the retirement allowance were calculated.

The bill includes an effective date of June 1, 2001, and specifies that the retirement allowance of a retirant who died before that date could not be supplemented. The bill also includes a date of October 1, 2001, by which the supplement proposed by the bill was to have been paid to retirants or beneficiaries.

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.

Fiscal Analyst: Joe Carrasco