

REVISIONS TO JUDGES RETIREMENT ACT

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House Bill 6315

Sponsor: Rep. Jim Howell

Committee: Judiciary

Complete to 11-8-04

A SUMMARY OF HOUSE BILL 6315 AS INTRODUCED 11-4-04

The bill would amend the Judges Retirement Act. Under the act, upon taking office and for so long as he or she remains in office, each member is required to make contributions to the retirement system according to the applicable plan member classification. These contributions are deposited into the reserve for health benefits; the retirement system then disburses funds from this reserve to pay the premiums for hospital and medical-surgical and sick care benefits as required by the act.

House Bill 6315 would increase the contribution made by a plan 3b member (generally, a trial court judge who converts \$2,250 of the state salary standardization payment annually according to provisions of the act) from 3.5 percent to 5.5 percent. The contribution for a plan 3c member (generally, a trial court judge who converts the balance of the salary standardization payment under the act's provisions) would increase from 7 percent to 9 percent. Beginning January 1, 2005, from these contributions, the bill would require the retirement system to deposit an amount equal to 2 percent of the member's compensation into the reserve for health benefits for hospital and medical-surgical and sick care benefits as provided in Section 509 of the act.

The bill would also amend Section 509 of the act to allow, beginning January 1, 2005, a member who is a judge in active service on that date, and who has at least 15 years of continuous service, to elect coverage in the state group health insurance plan. A member wishing to elect coverage would have to file a written election request stating his or her intent to elect the coverage with the retirement board by February 28, 2005. A member who is a judge or who becomes a judge on or after January 1, 2005 could elect the coverage after he or she performed 15 years of active service.

The election could be made for members who were judges or retirement allowance beneficiaries who were spouses only. If a qualifying member made an election, the retirement system would have to pay the premium for hospital and medical-surgical and sick care benefits for the member or his or her spouse to the same extent as provided for retirants and retirement allowance beneficiaries of the State Employees Retirement System.

MCL38.2305 and 38.2509

FISCAL IMPACT:

The bill appears to apply only to members of the defined benefit plan, and would increase the percent of the members' contributions to partially fund health care costs. The contributions will not cover all of the additional costs. A detailed analysis is not available at this time, but the bill could result in a significant increase in costs to the state. If defined contribution members were included, the costs to the retirement system would further increase.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.