

Legislative Analysis



LEGISLATIVE RETIREMENT: FEDERAL REQUIREMENTS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6323

Sponsor: Rep. Stephen Ehardt

Committee: Government Operations

Complete to 11-29-04

A SUMMARY OF HOUSE BILL 6323 AS INTRODUCED 11-4-04

House Bill 6323 would amend the Legislative Retirement System Act (MCL 38.1026 et al.) to update the law in line with federal Internal Revenue Code requirements.

****The bill requires that beginning January 1, 2006, the legislative retirement system's board of trustees be composed of members in the manner indicated in the board's bylaws. Further, the bill specifies that beginning a year earlier, on January 1, 2005, any vacancy in a trusteeship be filled as provided in the bylaws. However, the bill also specifies that a trustee serving as of December 31, 2004 would continue to serve through December 2005. Currently the membership of the 11-member board of trustees—all of whom are appointed by either the Senate Majority Leader or the Speaker of the House—is explicitly described in the statute. These provisions would be eliminated under the bill.**

****The bill also specifies that employer-financed benefits provided by the retirement system not exceed the applicable limitations of section 415 of the Internal Revenue Code. The current language concerning the limitations on benefits would be eliminated.**

****The bill also clarifies that a surviving dependent of a deceased retiree who is eligible to elect health insurance may do so beginning at the death of the deceased qualified retiree, whatever the deceased's age at death. Currently, some interpret this provision of the law to mean a surviving dependent is not eligible to elect health insurance unless the retiree was 55 years of age or older at death.**

**** The bill would eliminate a provision of the law, never used by any retiree, that individuals eligible for health benefits who elect health insurance coverage under a different plan than the plan authorized by the retirement system, could elect to have payment made to that other health insurance plan, or to a medical savings account.**

FISCAL IMPACT:

The bill would have no fiscal impact.

Legislative Analyst: J. Hunault
Fiscal Analyst: Al Valenzio

■ 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.