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BILL ANALYSIS

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House Bill 5953 (as passed by the House)
Sponsor: Representative Tonya Schuitmaker
House Committee: Judiciary
Senate Committee: Judiciary

Date Completed: 6-19-06

CONTENT

The bill would amend Public Act 259 of 1909, which provides for the rights of divorcing parties in and to life insurance, pensions, annuities, and retirement allowances, to require that an assignment of rights in and to any pension, annuity, or retirement benefits also include a proportionate share of all components of those benefits unless the judgment expressly excluded one or more components.

Specifically, if a judgment of divorce or separate maintenance provided for the assignment of any rights in and to any pension, annuity, or retirement benefits, a proportionate share of all components of the pension, annuity, or retirement benefits would have to be included in the assignment unless the judgment expressly excluded one or more components. Components would include supplements, subsidies, early retirement benefits, postretirement benefit increases, surviving spouse benefits, and death benefits. The bill specifies that this provision would apply regardless of the characterization of the pension, annuity, or retirement benefit as regular retirement, early retirement, disability retirement, death benefit, or any other characterization or classification, unless the judgment of divorce or judgment of separate maintenance expressly excluded a particular characterization or classification.

Under the Act, each judgment of divorce or separate maintenance must determine all rights of the husband and wife in and to all of the following:

- Any pension, annuity, or retirement benefits.
- Any accumulated contributions in any pension, annuity, or retirement system.
- Any right or contingent right in and to unvested pension annuity retirement benefits.

The bill, instead, would require each judgment of divorce or separate maintenance to determine all rights, including any contingent rights, of the husband and wife in and to all of the following:

- Any vested pension, annuity, or retirement benefits.
- Any accumulated contributions in any pension, annuity, or retirement system.
- In accordance with Section 18 of the divorce Act (MCL 552.18), any unvested pension, annuity, or retirement benefits.

(Section 18 of the divorce Act provides that any rights or contingent rights in and to unvested pension, annuity, or retirement benefits payable to or on behalf of a party on

account of service credit accrued by the party during marriage may be considered part of the marital estate subject to award by the court where just and equitable.)

MCL 552.101

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Stephanie Yu

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.