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BILL



ANALYSIS

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House Bill 4200 (as reported without amendment)  
Sponsor: Representative Frank M. Fitzgerald  
House Committee: Appropriations  
Senate Committee: Appropriations

## **CONTENT**

The bill would amend the Michigan Legislative Retirement System Act to bring it into conformity with the Eligible Domestic Relations Order (EDRO) Act (Public Act 46 of 1991). The EDRO Act was passed to authorize the payment of public employee retirement system benefits to an alternate payee in relation to child support, alimony, or marital property rights.

An alternate payee is described as a spouse under a judgment of separate maintenance, or a former spouse, child, or other dependent named in an EDRO. Once a domestic relations order is issued and determined to be an EDRO by the appropriate retirement system, a former spouse or alternate payee is guaranteed a portion of the member's retirement benefits regardless of whether or not the member retires or has died before retirement. (Prior to the Act's enactment, a former spouse could receive a portion of a divorced member's retirement benefit, but only when the member retired and only for as long as the member remained alive. When a member delayed his or her retirement or died before reaching retirement age, the former spouse had no legal recourse and therefore was not paid a benefit.) The EDRO Act entitles an alternate payee to an actual interest in a share of a benefit that is or will become payable to a member under a qualified domestic relations order. The Act provides for the payment of a benefit to an alternate payee at the earliest eligible retirement date but before the participant terminates employment. Should the alternate payee die before receiving any payment, his or her interest reverts to the member. Also, an EDRO can be invoked only prior to the member's retirement. If a divorce occurs after the member's retirement, the retirement system then follows the orders of the court's domestic relations order, which may include payment of child support or alimony. The purpose of the EDRO Act is to ensure that an alternative payee (usually the former spouse) will receive his or her portion of the member's retirement benefit at a future date regardless of whether the member retires or dies.

The Michigan Legislative Retirement System Act is the only remaining public retirement system act in need of amending so as to conform to the EDRO Act. All of the other public retirement system acts (State employees, public school employees, county employees, municipal employees, judges, State Police, and fire and police officers) were amended in 1991 when the EDRO Act was enacted.

MCL 38.1057

## **FISCAL IMPACT**

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

Date Completed: 11-29-95

Fiscal Analyst: J. Carrasco

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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.