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SFA**BILL ANALYSIS**

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Senate Bill 127 (as reported by the Committee of the Whole)
Sponsor: Senator Robert Geake
Committee: Appropriations

CONTENT

The bill would amend the State Employees Retirement Act to provide for an extension of the effective retirement date for eligible employees of a legislative agency. Public Act 487 of 1996 amended the State Employees Retirement Act to enact an early retirement provision for certain State employees (including legislative employees). Members meeting certain criteria may retire early with full pension benefits. The early retirement window is from April 1, 1997, to June 1, 1997, for eligible State employees and from February 1, 1997 to June 1, 1997, for eligible legislative employees. A member must file a written application with the retirement board at least 30 days prior to the date on which he or she elects to retire.

Public Act 487 allows the director of a principal department to request from the Department of Management and Budget that the effective date of retirement for employees of that department be extended to a date not later than June 1, 1998. However, this provision does not apply to legislative employees eligible for the early retirement provision. This bill would extend this provision to the director of a legislative agency so that legislative employees would have the same option of postponing their effective retirement date by up to one year.

MCL 38.19f

FISCAL IMPACT

This bill would have no effect on the contribution rate for retirement benefits for members of the State Employees Retirement System. Legislative employees who chose to extend their effective dates of retirement would certainly receive a higher pension benefit due to an extension of their service credit and possible increases in the final average compensation upon which their retirement benefit would be computed. However, this would have no effect on the projected cost savings to the State of the early retirement provision or the retirement contribution rate for remaining State employees.

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