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SFA**BILL ANALYSIS**

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Senate Bill 578 (as introduced)
Sponsor: Senator Walter H. North
Senate Committee: Appropriations

Date Completed: 9-17-97

CONTENT

The bill would amend the State Employees Retirement System (SERS) Act to allow for the transfer of contributions previously made to SERS on behalf of certain former employees to a private retirement system in which the former employee is currently enrolled.

Senate Bill 578 would add a new section to the SERS Act that would allow for the transfer of the retirement contributions of former State employees of the Wurtsmith Base Conversion Authority (WBCA) to the private pension plan to which these former employees are now members due to the WBCA being dissolved by Executive Order on September 30, 1994. The bill would require the successor agency to the former WBCA to provide the SERS with a list of each former employee on whose behalf a contribution was made to the SERS and who has notified the successor agency that he or she wishes to have the contribution transferred. The successor agency would also provide to the SERS the dates of employment with the former WBCA for each employee and the name of the successor agency's retirement plan into which the contributions would be transferred.

The bill states that the amount to be transferred by October 1, 1997, would include all contributions for each former employee included in the list and the interest earnings while the amounts were held by the SERS. In addition, any former employee who chooses to have their contributions transferred under the proposed legislation would forfeit all State service credit rendered by him or her during the period that individual was employed by the former WBCA. Also, if that individual again becomes employed by the State, he or she would not have the service credit that was forfeited restored to his or her credit.

The bill also has a sunset date of January 1, 1998.

FISCAL IMPACT

This bill would have no fiscal impact on State or local government. The payments that were paid into the SERS were all federal dollars. No State payments were paid for retirement benefits for any of the former WBCA employees. The bill would transfer the retirement contributions for 67 employees who were hired as part of an agreement between the federal Air Force Base Disposal Agency and the WBCA. These 67 employees were classified as non-permanent civil service employees of the former Department of Commerce. The WBCA employees were to oversee the transition of Wurtsmith Air Force Base from military to civilian use. The total amount of the funds that would be transferred to the successor agency equal an estimated \$355,000, which would have no effect on the assets of the retirement system nor on the contribution rate charged to other State agencies.

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