

Legislative Analysis



INCREASE IN PENSION BENEFIT FOR MSP RETIREES IN BANKED TIME HOURS PROGRAM FROM '57 TO '63

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

House Bill 4735

Sponsor: Rep. Kevin Green

Committee: Senior Health, Security, and Retirement

Complete to 5-5-06

A SUMMARY OF HOUSE BILL 4735 AS INTRODUCED 5-5-05

The bill would amend the State Police Retirement Act to provide for a supplemental increase in pension benefits for retirees who participated and accrued leave time in the "bank time hours" program operating between December 22, 1957 and July 13, 1963. The increase would take effect January 1, 2005. The increase would also apply to the beneficiary of a deceased retirant. The supplemental increase would be included in the basis on which future adjustments to the retirement allowance are calculated.

If the accrued bank time was at least 5,276 hours, the annual retirement allowance would be supplemented by an increase of 17 percent. For a retirant with bank time hours below that, the annual supplement would be adjusted based on the proportion of bank time to 5,276 hours. The amount would have to be at least \$600 annually.

MCL 38.1641a

FISCAL IMPACT:

The bill creates an unfunded accrued liability of approximately \$7.4 million according to an actuarial evaluation by the MSPRS actuary. Because the MSPRS is no longer overfunded, additional annual appropriations are required to finance this cost. The additional impact on the State Police operating budget is approximately \$400,000 per year over the amortization period.

Legislative Analyst: E. Best
Fiscal Analyst: Al Valenzio

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