

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 (Substitute H-1)

Sponsor: Rep. Kevin Green

Committee: Senior Health, Security, and Retirement

Complete to 5-15-06

A SUMMARY OF HOUSE BILL 4735 AS REPORTED FROM COMMITTEE ON 5-9-06

The bill would amend the State Police Retirement Act (MCL 38.1641) 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, 2007. 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 the accrued bank time was at least.

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.

POSITIONS:

Michigan State Police Command Officers Association supports the bill. (5-9-06)

The Michigan State Police Troopers Association supports the bill. (5-9-06)

The Office of Retirement Services (within DMB) is neutral on the bill. (5-9-06)

Legislative Analyst: E. Best

Fiscal Analyst: Al Valenzio

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.