



Senate Fiscal Agency
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Senate Bill 906 (as introduced 4-23-14)
Sponsor: Senator Bruce Caswell
Committee: Veterans, Military Affairs and Homeland Security

Date Completed: 5-13-14

CONTENT

The bill would amend the Michigan Military Act to increase the annual retirement benefit for people who retire from active service with the National Guard and/or Defense Force, and for some surviving spouses.

Under the Act, a person who has completed at least 20 years of active service with the National Guard and/or Defense Force may retire and receive retirement pay under one or more of the following circumstances:

- Age 62 years or older.
- Ineligibility, because of Federal law or regulation, for further Federal recognition in his or her current grade because of age or length of service, and termination of his or her commission or enlistment in the National Guard.
- Withdrawal of his or her Federal recognition and termination of his or her commission or enlistment in the National Guard because of physical disqualification from further service.
- Separation from the National Guard or Defense Force under an honorable circumstance.

A person who retires because he or she is at least 62 must receive \$600 per year. A person who retires under any of the other circumstances listed above must receive \$600 per year upon reaching 55 years of age. The bill would increase both of those payments to \$720 per year.

Upon the death of a person who had completed at least 20 years of active service with the National Guard and/or Defense Force, and who before death met one of the circumstances for retirement described above (other than reaching the age of 62) or was still in active service, the person's surviving spouse must receive \$500 per year until death. The bill would increase that payment to \$600 per year.

(Under the Act, the National Guard includes both the Army National Guard and the Air National Guard. The Act authorizes the Governor to activate units known as the Defense Force as the Governor considers necessary for adequate emergency assistance. The Act requires the Office of Adjutant General to maintain a list of former officers, warrant officers, and enlisted personnel of the Michigan National Guard, with their consent, to aid in forming the Defense Force.)

MCL 32.811

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

As of the September 30, 2013, valuation for the Military Retirement System, there were 3,498 National Guard retirees drawing the \$600 annual pension. Providing an additional \$120 per year to that relatively stable number of retirees would cost the State an additional \$420,000 per year. In addition, there were 593 spouses drawing a \$500 annual pension. Providing an additional \$100 per year to that relatively stable number of spouses would cost the State an additional \$60,000. Therefore, combined, the cost to the State of this legislation would be roughly an additional \$500,000 per year.

Fiscal Analyst: Kathryn Summers

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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.