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House Bill 4188 (Substitute H-1 as discharged)
House Bill 4733 (as discharged)
Sponsor: Representative Thomas Albert (H.B. 4188)
Representative Terry Sabo (H.B. 4733)
House Committee: Appropriations
Senate Committee: Appropriations (discharged)

CONTENT

House Bill 4188 (H-1) would amend the Public School Employees Retirement Act to require the retirement system to offer access to one or more fixed annuity options and *to allow* the system to offer access to one or more variable annuity options provided by a selected annuity provider. Current law requires the retirement system to offer access to one or more fixed annuity options and one or more variable annuity options but sets no conditions on the provider(s) of those annuity options. The bill would require the investment board to select two or more annuity providers based on a competitive proposal process, and to contract with a provider selected that met the following conditions:

- The annuity provider and its subsidiaries and affiliates had the appropriate financial strength and stability; in determining an annuity provider's financial strength and stability, the investment board would have to obtain the representations specified in the bill.
- The annuity provider was able to provide contracted rights and benefits to a qualified participant.
- The costs of the annuity option in relation to the benefits and product features of the annuity option were reasonable.
- The administrative services to be provided under the annuity option were appropriate.
- The annuity provider was experienced in paying lifetime retirement income through annuities offered to public employee defined contribution retirement plans.
- The annuity provider offered annuity options that met all of the conditions listed in the bill.
- The annuity provider was able to offer objective and participant-specific education and tools that helped participants understand the appropriate use of annuities as a long-term retirement savings vehicle.

After the proposal process, the bill would allow the investment board to select and contract with only one annuity provider if the investment board determined that selecting more than one provider was not in the interests of qualified participants or only one provider met the bill's conditions. If the investment board determined that no annuity provider met the bill's conditions, the bill would prohibit the investment board from selecting a provider, and the Office of Retirement Services would have to issue a new competitive proposal process within 60 days after the investment board made its determination.

House Bill 4733 would amend the State Employees' Retirement Act to make similar changes to the Act as those proposed in House Bill 4188 (H-1).

House Bill 4188 (H-1) is tie-barred to House Bill 4733. House Bill 4733 is tie-barred to House Bill 4734 (which contains content similar to House Bill 4188). House Bill 4188 (H-1) and House Bill 4733 would take effect 120 days after their enactment.

FISCAL IMPACT

The bills would increase costs to the Office of Retirement Services by requiring the oversight and selection of a vendor to provide annuity options and to meet additional reporting requirements. However, the amount of increased costs is indeterminate but likely would be relatively small. The bills would have no fiscal impact on local units of government.

Date Completed: 12-7-22

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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.