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BILL ANALYSIS

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Senate Bill 738 (as introduced 2-2-16)
Sponsor: Senator Darwin L. Booher
Committee: Appropriations

Date Completed: 2-2-16

CONTENT

Senate Bill 738 would amend the Public Employee Retirement System Investment Act to require an investment fiduciary, when publishing an annual report, to include an executive summary of both the unfunded actuarial accrued liabilities for retiree health and pension and the system's funded ratio based on the ratio of valuation assets to actuarial accrued liabilities on a plan-year basis. These summary reports would be required for a "state unit", and the bill would define "state unit" to include the pension systems established under State Employees' Retirement Act, the Public School Employees Retirement Act, the Judges Retirement Act, and the State Police Retirement Act.

The bill also would require an investment fiduciary to submit the executive summary reports to the Senate and House Appropriations Committees and to the Senate and House Fiscal Agencies not less than 30 days after publication. (In the case of the State's retirement systems, the Department of Treasury is the investment fiduciary.)

Finally, the bill would require a representative of the Office of Retirement Services to appear before the Senate and House Appropriations Committees on request of the chairperson of the Committee to testify about the system's summary annual report required by the bill.

MCL 38.1133

FISCAL IMPACT

In actual practice, the Office of Retirement Services produces the annual summary reports, with input from the Department of Treasury. The bill's requirement to include an executive summary in the annual report should not result in any additional State costs, and the bill would have no impact on local units of government.

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