

## JUDGES RETIREMENT AMENDMENTS

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**Senate Bill 132 (Substitute H-1)**

**Sponsor: Sen. Wayne Kuipers**

**House Committee: Government Operations**

**1<sup>st</sup> Senate Committee: Government Operations**

**2<sup>nd</sup> Senate Committee: Reforms and Restructuring**

**Complete to 6-7-10**

## A SUMMARY OF SENATE BILL 132 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Judges Retirement Act to alter the health insurance benefits available to retirees for those who become qualified participants in the retirement system after November 1, 2010.

The bill would provide the following for the Tier 2 (defined contribution) system.

**\*\*** A qualified participant who first became eligible to become a qualified participant after November 1, 2010, *and who is not a state official*, is vested in the health insurance coverage for retirees after completing 10 years of service. (Currently, qualified participants in Tier 2 are vested after completing four years of service.) This provision appears to apply to judges of the State Supreme Court and State Court of Appeals. (Further, this applies only if the participant was not a member, deferred vested member, or former nonvested member of Tier 1, the defined benefit system that existed for those who entered the system by 1997.)

**\*\*** The term "state official" means the governor, lieutenant governor, secretary of state, attorney general, legislative auditor general, and state court administrator. Presumably, under the bill, these state officers would not receive health insurance benefits upon retirement if newly elected or appointed after November 1, 2010.

**\*\*** The portion of the retiree health insurance coverage premium paid by the state for those eligible would be 30 percent if the qualified participant had completed 10 years of service and 3 percent for each additional year of service, up to 90 percent. The remaining portion of the premium must be paid by the retiree.

Currently, the portion of the retiree health premium paid by the state for Tier 2 retirees is 50 percent for four years of service; 75 percent for five years of service; or 90 percent for six years of service.

[NOTE: As passed by the Senate, Senate Bill 132 would have eliminated health care coverage for all retirees who became qualified participants after November 1, 2010.]

## **FISCAL IMPACT:**

The bill would create future savings for the Judges' Retirement System by reducing retirement health care costs. Costs would be reduced by eliminating benefits for some members of the system, by increasing the minimum number of years required to vest in the health care benefit from 4 to 10, and by reducing the State's portion of the premium share to 3% for each year of service capped at a total of 90%.

The fiscal impact of the proposed changes would not be immediately significant but would grow over time as a greater number of newly elected or appointed members retire with reduced or eliminated health care benefits.

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■ 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.