

Legislative Analysis



MEMBERS & RETIRANTS ON RETIREMENT BOARDS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1189

Sponsor: Sen. Mark Jansen

House Committee: Oversight, Reform, and Ethics

Senate Committee: Appropriations

Complete to 11-26-12

A SUMMARY OF SENATE BILL 1189 AS PASSED BY THE SENATE 6-14-12

Senate Bill 1189 would add Section 8a to the Public Employee Retirement Benefit Protection Act (MCL 38.1688a) to require a "retirement system" that has both *members* (those still working) and *retirants* (those retired) who are eligible for election to the retirement system's governing board, to comply with the following:

- The retirement system and the political subdivision sponsoring it would have to ensure equal treatment of all individuals elected to (or seeking election to) the governing board.
- The retirement system or the political subdivision sponsoring it could not require a *retirant* who is elected (or who seeks election) to the board to meet more stringent or additional requirements to serve, be elected, or participate in the election process than a *member* elected or seeking election to the retirement board.
- If the retirement system or the political subdivision sponsoring it compensates a *member* who is elected to the governing board, then they would have to compensate a *retirant* elected to the board at an amount at least equal to the least amount of compensation provided to a *member* elected to the board.

The bill would define "compensate" and "compensation" as any form of remuneration for performing duties as a member of the board, and would define "member of the governing board" as a trustee, commissioner, or other official member of the governing board vested with the general administration, management, and operation of the retirement system or other decision-making body responsible for the retirement system.

FISCAL IMPACT:

The bill could increase costs to public retirement systems to the extent that it requires them to equally compensate board members who are retirees of the retirement system if they provide compensation to board members who are members of the system.

Legislative Analyst: J. Hunault
Fiscal Analyst: Bethany Wicksall

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