



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5682 (as passed by the House)
Sponsor: Representative Kurt Heise
House Committee: Judiciary
Senate Committee: Judiciary

Date Completed: 12-4-12

CONTENT

The bill would amend the Eligible Domestic Relations Act to provide for a 60-day period during which a domestic relations order that did not qualify as an eligible domestic relations order (EDRO) could be corrected.

The Act requires a domestic relations order to be filed with a State or local public retirement system when a member of the system divorces and the parties agree that the member's pension will be divided. The order, which provides direction as to how the pension is to be divided, must meet the requirements of the Act. After receiving the order, the retirement system must determine whether it qualifies as an EDRO.

The Act includes a requirement that the domestic relations order be filed before the participant's retirement allowance effective date. Under the bill, if the order were filed before that date but the retirement system determined that it failed to qualify as an EDRO, there would be a 60-day period from the date the system notified the parties that the order failed to qualify. During that period, the participant's retirement allowance effective date could not occur, so the parties could file an amended domestic relations order that would qualify as an EDRO.

The 60-day period would not limit the parties from filing an EDRO at any time before the participant's retirement effective date.

MCL 38.1702

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Public employee retirement systems (both State and local) could experience increased costs associated with this legislation. The legislation could result in additional approved EDROs compared to what otherwise would occur under current law. Because an EDRO provides a lifetime benefit to an alternate payee upon a member's retirement or death, and continues past the member's death in the event the alternate payee lives longer than the member, additional approved EDROs (which could occur under this legislation) likely would increase the pension benefits paid out under public retirement systems. The amount of the fiscal impact is indeterminate and would depend upon the number of additional EDROs approved as a result of the 60-day window added under this legislation, and then how the actual pension benefits paid out under those additional EDROs would compare to pension payouts under current law.

Fiscal Analyst: Kathryn Summers

S1112\5682sa

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.