

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bills 5108 through 5114 (as reported without amendment)

Sponsor: Representative Jerry Vander Roest (H.B. 5108)
Representative Joanne Voorhees (H.B. 5109)
Representative Sandra Caul (H.B. 5110)
Representative Jim Howell (H.B. 5111)
Representative Alexander Lipsey (H.B. 5112)
Representative Cameron Brown (H.B. 5113)
Representative Samuel Thomas III (H.B. 5114)

House Committee: Appropriations

Senate Committee: Appropriations

CONTENT

House Bill 5108 would create the "Public Employee Retirement Benefit Protection Act" to place in statute an anti-alienation clause, which would prohibit the assignment or attachment of public pension benefits. The anti-alienation clause would apply to all public pensions in the State including pensions of: State employees, public school employees, fire fighters and police officers, judges, State Police, and legislators. House Bills 5109-5114 would amend the retirement system act for each of these pensions to eliminate the current anti-alienation clause and instead make each act subject to the provisions of the proposed Act.

House Bill 5108 is tie-barred to all of the other bills, which are tie-barred to House Bill 5108.

The new Public Employee Retirement Benefit Protection Act, proposed by House Bill 5108, specifies that the rights of a member, deferred vested member, designated beneficiary, refund beneficiary, or retiree to a retirement benefit could not be assigned. The Act also would protect the benefits from execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other processes of law.

As under current law, the rights of a member would continue to be subject to forfeiture under the Public Employee Retirement Benefits Forfeiture Act and subject to an award by a court during divorce proceedings under an eligible domestic relations order (EDRO) or under any other domestic relations order of a court pertaining to alimony or child support. The bill also specifies that rights to benefits would be subject to claims made under the State Correctional Facility Reimbursement Act. In addition, loans to a member or retiree still would be permitted if the system concluded that the person was otherwise eligible for a loan. Finally, the bill would not prevent a retirement system administrator from correcting records and seeking to recover overpayments made to a retiree or a member.

House Bills 5109-5114 would amend the acts governing the various retirement systems mentioned above. Each bill would delete all current language under which retirement benefits from defined benefit or defined contribution plans are protected by the current anti-alienation clause. Instead, each bill specifies that these benefits would be subject to the Public Employee Retirement Benefit Protection Act proposed by House Bill 5108. Also, language in each act stating that benefits and distributions are subject to court orders in divorce proceedings and EDROs would be deleted, as these provisions would be contained in the proposed Act.

MCL 38.31 et al. (H.B. 5109)
38.1346 & 38.1385 (H.B. 5110)
38.556 & 38.559 (H.B. 5111)
38.2308 et al. (H.B. 5112)
38.1643 (H.B. 5113)
38.1057 & 1080 (H.B. 5114)

FISCAL IMPACT

The bills would have no fiscal impact on State or local government.

Date Completed: 3-11-02

Fiscal Analyst: Joe Carrasco, Jr.

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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.