

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1227-01
Bill No.: HB 397
Subject: Law Enforcement Officers and Agencies; Retirement - Local Government
Type: Original
Date: February 25, 2009

Bill Summary: Modifies provisions relating to the Police Department Civilian Employees' Retirement System

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government*	(\$7,333)	(\$8,800)	(\$8,800)

***This proposal will increase the Kansas City Police Department Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$130,000 and increase employer contributions by \$8,800 annually.**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Kansas City Police Department Retirement System** assume the proposal would allow four widows and one retired member of the Police Retirement System of Kansas City, Missouri to receive a \$600 minimum monthly pension benefit. Members who retired on a non-duty disability or widows whose husbands died in service were not addressed in the 2000 legislative change.

Using assumptions from the April 30, 2009 actuarial valuation for the Police Retirement System, and using a 20 year amortization period the actuary estimated an \$8,800 increase in employer contributions for FY2010 and an increase in the unfunded actuarial accrued liability of \$130,000.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
KANSAS CITY POLICE DEPARTMENT RETIREMENT SYSTEM*	<u>(\$7,333)</u>	<u>(\$8,800)</u>	<u>(\$8,800)</u>

***This proposal will increase the Kansas City Police Department Retirement System Unfunded Actuarial Accrued Liability (UAAL) by \$130,000 and increase employer contributions by \$8,800 annually**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

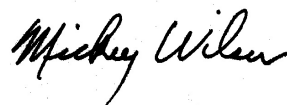
This bill changes the laws regarding the Missouri Local Government Employees' Retirement System (LAGERS). In its main provisions, the bill:

- (1) Requires at least a 10% reduction on a partial lump-sum distribution. Currently, if a retiree elects to receive a partial lump-sum distribution, a retiree's monthly allowance will be reduced accordingly based on his or her age at retirement;
- (2) Creates an additional retirement benefit payment option of joint and 100% survivor. A member electing this benefit will receive a reduced monthly allowance; and upon death, his or her eligible surviving beneficiary will receive 100% of the benefit amount the retiree was receiving at the time of his or her death;
- (3) Specifies that, other than the spouse, a surviving beneficiary must be a lineal descendent or related to the retirant up to the third degree of kinship, in addition to the current age and financial dependency requirements;
- (4) Allows a retiree to authorize LAGERS to deduct premiums for health insurance or long-term care insurance from his or her retirement allowance; and
- (5) Creates a funding mechanism for survivor benefits when a member dies as the result of a duty-related injury or illness.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Kansas City Police Department Retirement System



L.R. No. 1227-01
Bill No. HB 397
Page 5 of 5
February 25, 2009

Mickey Wilson, CPA
Director
February 25, 2009